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FINANCIAL TIMES

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Saturday November 25 1978

Job in its

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NEWS SUMMARY

GENERAL

Court hears Thorpe letters

The prosecution in the Jeremy Thorpe hearing alleged at Minehead yesterday that millionaire industrialist Jack Hayward unwittingly funded a plot to murder Norman Scott.

The court also heard letters alleged to have been written to Mr. Hayward by Thorpe, in which the former Liberal leader described Peter Bessell as "a bastard" and, on another occasion, wrote "damn the man."

Mr. Hayward told the court that he first met Mr. Bessell in 1970. It was Bessell who convinced Mr. Hayward to make a substantial donation to the Liberal Party. It amounted to £50,000.

In one letter Mr. Thorpe asked for £50,000 to cover "an overlap on some expenditure I would prefer not to argue about." He asked for one cheque for £40,000 to be paid to the Liberal election fund and one for £10,000 to be sent to Nadir Dinshaw, a Jersey businessman and the god-father of Thorpe's son.

Mr. Hayward also said that Mr. Thorpe asked him to put pressure on Mr. Bessell for money owed to him (Hayward) and threatened that if Bessell came back to this country "I would serve a writ on him for bankruptcy." Mr. Hayward said he took no action.

Zambia hostile

Proposals for an all-party Rhodesia conference in London look bleak with President Kaunda of Zambia pessimistic and British envoy Clewyn Hughes expected to be given a hostile reception in Lusaka. Page 2

Death toll up

The U.S. State Department said the death toll in the Guyana mass suicide could reach 800. More than 600 bodies have already been found at the former headquarters of the People's Temple sect where a U.S. Congressman was killed last week.

Portugal riot

Riot police used teargas to disperse hundreds of youths wearing Nazi-style black shirts and swastika armbands who rampaged through Oporto, Portugal's second city.

Rates pessimism

The Government has told local authorities to keep rate increases below 10 per cent, a view the authorities said was at best optimistic and at worst unrealistic. Back Page

3.5m spillage

Trade Department says the cost of the east coast Eleni V oil spillage was about £5m. The Government hopes to recover all the money from the shipowners and their insurers.

Historic auction

The first ever auction of bonds and share certificates, organised by Stanley Gibbons in London, raised £23,600—almost double the estimate. Top price of £1,600 was paid for a Spanish Government bond issued in 1749. Page 22

Time running out

Tomorrow's Sunday Times could be the last for some time. The group is only six days away from the date on which it has said all publication will be suspended and the National Graphical Association is still refusing to attend talks. Page 3

Briefly

Two men were jailed for six months at Carmarthen for conspiring to damage television transmitter installations.

Bolivian armed forces ousted President Asbum in a bloody coup. Page 2

Four people were hacked to death and a fifth shot in southern Thailand.

Eight children were hurt when a car ploughed into a Glasgow bus queue.

Wife of Ronnie Wood, the Rolling Stones guitarist, wants a divorce.

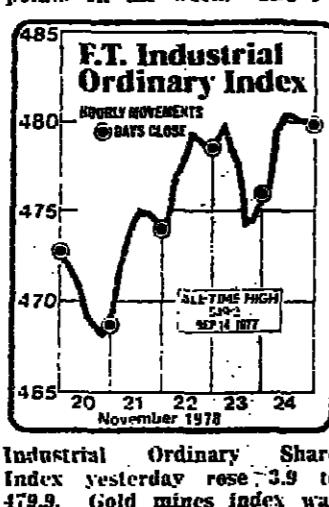
CHIEF PRICE CHANGES YESTERDAY

	RISES
Armitage Shanks	731 + 41
United Engineering	741 + 91
Armour Trust	101 + 2
Avana	67 + 3
Beecham	620 + 12
Borthwick (Thos.)	63 + 5
Brooke Bond	51 + 6
Capital and Counties	223 + 21
Marlborough Prop.	223 + 11
Metal Box	228 + 8
NSS Newsagents	106 + 8
Parker Timber	132 + 8
Racial Elects.	320 + 6
Reed Instru.	156 + 4
Scotch and Soda	352 + 9
Stewart Plastics	152 + 4
Tunnel B.	280 + 10
United Scientific	250 + 9
WGI	130 + 10
BP	936 + 12
Sceptre Res.	413 + 65
Shell Transport	534 + 10
Ds Peers Dld.	570 + 5
Union Corp.	264 + 8
Westfield Minerals	320 + 30
FALLS	
ANZ	298 - 12
Clark (Matthew)	150 - 4
FPA Construction	12 - 5
Robertson Foods	140 - 9
FT-Actions	156 - 2
Sanzer (J. E.)	52 - 21
Western Motor	30 - 5
Northeast Expln.	440 - 15

BUSINESS

Equities gain 7.1 on week to 479.9

• EQUITIES resumed their technical recovery, gaining 7.1 points on the week. The FT



Industrial Ordinary Share Index yesterday rose 3.9 to 479.9. Gold mines index was 1.2 up at 134.1.

• GILTS were unsettled by the rise in U.S. prime rate and lost earlier gains to close unchanged at 68.20.

• STERLING fell 65 points to \$1.9390, partly because of the U.S. prime rate rise. Its trade-weighted index was 62.3 (62.5). The dollar recovered after a weak start to DM 1.9305 (DM 1.9187). Its trade-weighted average depreciation was 8.3 per cent (8.5 per cent).

• GOLD fell \$1 an ounce in London to \$201, but was \$3 up on the week. In New York, Comex November settlement was \$203.42 (\$201.30).

• WALL STREET gained 3.12 to close at \$80.12, 12.39 rise on the week.

• WILSON COMMITTEE on the death toll in the Guyana mass suicide could reach 800. More than 600 bodies have already been found at the former headquarters of the People's Temple sect where a U.S. Congressman was killed last week.

• ROTHSCILD BANK, the Zurich associate of the London merchant bank, has been excluded from an international bond issue for an Algerian bank because of the Middle East crisis. Back Page

• INTEREST RATE on investment account deposits at the National Savings Bank is being raised from 9.1 per cent to a record 12 per cent. Back Page

• DAIRY FARMERS in England and Wales have voted almost unanimously for keeping Milk Marketing Boards in a referendum demanded by the EEC. Page 3

• VOLKSWAGEN's exploratory talks for a stake in the privately-controlled computer company Nixdorf have been abandoned. Back Page

• ATOMIC power workers have rejected a 5 per cent pay offer from the UK Atomic Energy Authority and are seeking a meeting with the Energy Secretary. Page 3

• BL CARS workers at Solihull have voted to reject a strike call and continue talks over their demand for a new grading structure. Page 3

• COMPANIES

• BANF, the West German chemicals group, suffered an 11.9 per cent drop in its pre-tax profits from DM 883m to DM 760m (about £206m) in the first nine months. Page 21

• ROBERTSON FOODS had higher turnover at £37.42m (£23.35m) in the first half, but pre-tax profits fell to £7.68m (£9.89m). Page 18

• J. E. SANGER, international meat trader, incurred losses of £575,000 in the 15 months to June 30 compared with profits of £1.13m for the previous year. Page 18

• BRITISH LAND has increased its shareholding in City Offices to 7.8m shares, a strategic 29 per cent. Page 18

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EMS Green Paper backs objective but wary of details

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The Government's Green Paper on the proposed European Monetary System takes an unexpectedly positive view of the creation of a zone of monetary stability. But it remains non-committal about the precise exchange rate mechanism to be used.

The Government says it cannot yet reach a conclusion on whether it would be in the UK's best interests to join the exchange rate regime of a monetary system as it finally emerges from the negotiations.

Several times the Green Paper draws a distinction between the goal of monetary stability and the detailed exchange rate arrangements.

This view underlines the likelihood that the Prime Minister will tell the other EEC heads of government in Brussels in ten days' time that the UK favours the establishment of a monetary system but that it has reservations about the technical aspects which have not yet been resolved.

Consequently, the UK may not agree to participate fully and start linking immediately with other EEC currencies. In that case, full membership would follow when discussions on the broader proposals had been successfully completed.

This was hinted at by Mr. James Callaghan on Thursday when he told Labour MPs that Britain would not take a final decision on joining the system at the Brussels summit.

The Green Paper's emphasis on the broader objectives contrasts with the stress placed during the detailed talks of the last five months on the significance of the technical aspects.

The Paper says: "It is important to make clear first that, in the Government's view, the choice to be made in the coming weeks relates not to a European Monetary System on the basis laid down in Bremen (the last EEC summit), but to the narrower issue of a particular exchange rate mechanism which is not yet fully negotiated."

Some may regard the system as little more than an exchange rate mechanism, supported by central bank swap arrangements.

The Government's view is that the scheme is as much more than that. It believes the scheme was conceived as more than that at Bremen and needs to be more than that if it is to contribute to greater stability in the international monetary system."

The Green paper says that, in advance of agreement on the nature of the scheme, only the most general statements are possible. It contains no detailed or quantitative assessment of the possible economic impact.

The Government effectively rejects the argument that the UK's economic independence would be threatened by pointing out that the exchange rate cannot be freely manipulated to isolate the UK from developments abroad.

It is in fact becoming increasingly important to maintain reasonable stability of the sterling exchange rate in order to promote stable trading conditions.

The Government's emphasis on the creation of a zone of monetary stability could be only to its benefit in Europe and the world as a whole.

Mr. JAMES CALLAGHAN hints strongly today that Britain might participate in some aspects of the proposed European Monetary System, without becoming a full member from the very beginning.

Speaking after talks in Paris with President Giscard d'Estaing, Mr. Callaghan emphasised that there had never been any doubt that the creation of a zone of monetary stability could be only to the benefit of Europe and the world as a whole.

He also said that a Community scheme must embrace all nine member countries. But not all countries necessarily had to adhere to all parts of the scheme.

Some might decide that they were more concerned with certain aspects than others.

It was the first time that Mr. Callaghan had spoken in public of the possibility of partial British participation in the scheme. Though the Prime Minister did not elaborate on his statement that, if the UK did not

participate fully in the scheme from the beginning, this would not have any adverse political consequences for the future of the EEC.

The French President expressed the firm hope that the final decision to be taken on the system at the European Summit on December 4 and 5 would be of the type which would either ensure British participation from the outset or, if not, the British Government considered the circumstances to be favourable for membership.

The British and French leaders also reached agreement on the controversial question of the extension of the European Parliament's powers after it is elected, which has been the subject of a bitter debate in France over the past few weeks.

Mr. Callaghan emphasised that the British Government, like the French, intended to ensure that the European Parliament's powers should be strictly limited to those laid down in the Treaty of Rome.

British officials particularly welcomed the French President's statement that, if the UK did not

participate in the scheme, it would not violate the basic non-discrimination principle of the Treaty of Rome and ignored the progress made in intensive bilateral and trilateral talks over the past month.

Herr Josef Tril, the German Minister and president of the Council of Ministers, said after the meeting that the issue would be referred to the EEC heads of state meeting here on December 4 and 5.

"No further progress seems possible at this level," he said. "I am deeply disappointed with the British document.

OVERSEAS NEWS

Steel industry gives Carter a victory over inflation

BY STEWART FLEMING

PRESIDENT CARTER secured a truce, especially since the rest increases in the second and third quarters of the industry is expected to be small. Since the beginning of the year, the industry has put through its anti-inflation programme to date, when U.S. Steel, the industry's leading producer announced it would increase its prices by an average of 3.2 per cent from January 1.

The company and the President's council on wage and price stability described the increase as being within the guidelines set by the price standard of the anti-inflation programme.

The council said that during the base period for which the holding back imports, since steel falls within President Carter's price standard is set 1978 and coming into the country below voluntary price guidelines.

The revised request averages 7.5 per cent, down from the 8.1 per cent originally requested.

According to the railroads, this will be below 6.1 per cent net, because of the time it takes for increases to work their way through the system.

The railroads, which say they face a total deficit of \$203m in their freight operations next year, plus \$80m in fixed charges, have been seeking \$1.7bn in extra revenues. Mr. William Dempsey, president of the Railroad Association, says the 1 per cent reduction will cost the railroads about \$200m a year at a time when earnings are falling and costs

are rising. Some 15-20 per cent of U.S. steel companies to raise domestic prices by between 15-20 per cent in the past 12 months, increases which have contributed to handsome profit are rising.

Citibank lawyers report taxdoubt

BY DAVID LASCELLES

NEW YORK, Nov. 24.

AN INQUIRY by Citibank's lawyers into charges that it is manipulating the market in Europe to largest New York bank, for \$14m in tax, has gone ahead that it was wrongfully dismissed because he reported that the bank's tax activities in many of the bank's European offices and tried to investigate by local tax have them investigated.

Commenting on the 129-page report, released here today, Mr. G. A. Costanzo, Citicorp's vice-chairman, defended his bank's tax avoidance regulations in record with the claim that these could be foreign exchange regulations that the local authorities were voluminous and reasonably consistent with the spirit of some regulation.

The report, prepared by Wall Street lawyers Sommariva, Strohman, in collaboration with Michael Mitchell, the international accounting firm, was submitted to the Board of Citicorp, the parent company, after detailed discussions by a former employee, Mr. David Edwards.

U.S. optimistic on oil price rise

BY DAVID BUCHAN

WASHINGTON, Nov. 24.

AN OIL PRICE increase next year by the Organization of Petroleum Exporting countries, the U.S. view. He said his country would urge a continuous freeze on the two-year oil price increase. Mr. Brundtland also received assurances in Abu Dhabi that the United Arab Emirates would follow the Saudi lead.

The Shah of Iran told the U.S. Treasury Secretary that Iran would take a back seat in the mid-December negotiations, evidently because of his argument that a modest increase would not hurt the dollar, political support for his regime, which did not benefit OPEC more than a sharp rise in the industrial countries that Mr. Blumenthal visited, in the last days of his trip.

A delegation to Saudi Arabia, Kuwait, is expected to push for and sent the dollar plummeling.

Zambia pessimism on talks plan

BY MICHAEL HOLMAN

LUSAKA, Nov. 24.

PROSPECTS FOR an all-party there was a cool response from Rhodesian extremists in London in January, tested today as President Kenneth Kaunda's publicly expressed pessimism was reinforced by private views of senior officials. They warn that Mr. Clodagh Hughes, the British envoy, can expect a hostile reception when he arrives in Lusaka, probably next weekend.

Mr. Joshua Nkomo, leader of the Zimbabwe African People's Union (ZAPU), is out of Lusaka and there has been no official response to Mr. Hughes's visit. But diplomatic sources say that this morning, described himself

as pessimistic and added that he could not see Mr. Ian Smith, the Rhodesian leader, "submitting to any international pressure."

The private view of senior Zambian officials goes considerably further than this. What has particularly annoyed the officials is the claim of Mr. James Callaghan, the Prime Minister, that the decision to send an envoy to Nigeria and Southern Africa to ZAPU today said they has been welcomed by African

officials. They thought it highly unlikely that Mr. Nkomo would attend a London meeting.

President Kaunda, speaking at State House, said this was certainly not the response of the Zambian Government.

Mr. Nkomo has frequently denied the conference proposal as "nonsense" and sources close to ZAPU today said they has been welcomed by African

officials. They thought it highly unlikely that Mr. Nkomo would attend a London meeting.

Mr. Nkomo's emergence as a strong challenger has been documented by a series of news which other candidates have been unable to match.

He also expressed concern about a considerable flow of money power" during the campaign. Japan's national electoral law controls spending in national elections, but the LDP leadership election is not subject to the electoral law and so there is no restriction on spending.

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Deposed Pres. Pereda

Army chief takes over after coup in Bolivia

By Robert Lindley

BUENOS AIRES, Nov. 24.

In A BLOODY coup early today, the Commander-in-Chief of the Bolivian Army, Gen. David Padilla Arancibia, deposed the four-month-old military regime of Gen. Juan Pereda Ashur. Gen. Padilla

announced that free elections

would be held early in 1979 so

that power could be handed

over to civilians by August 6.

With the removal of President

Pereda Ashur, Bolivia has

experienced its 200th coup

since it won its independence

from Spain 153 years ago.

A communiqué from the Government House in La Paz said that the armed forces "have

decided to assume the leadership of the country. Return to the people their rights and liberties, and, once and for all, allow them to elect their rulers by universal and democratic suffrage."

Gen. Padilla is to be governed

now by a centrist triumvirate

headed by Gen. Padilla, who

informed the former right-wing

President of the decision

to depose him at 3 am today.

The whereabouts of Sr. Pereda

Ashur, a 37-year-old air force

general, are not known.

He took power in July after

deposing President Hugo

Banzer. Banzer survived

Pereda Ashur for President

in the elections that month,

but the elections were can-

celled because of a massive

vote fraud favouring Gen.

Pereda Ashur.

Two weeks ago, Gen. Pereda

Ashur caused dismay among

opposition political parties

which had been pressing for

new elections next year when

he announced an election date

of August 6, 1980.

The communiqué signed today

by Gen. Padilla said Gen.

Pereda Ashur's attitude had

put the armed forces in danger

of "a possible confrontation

with the people." Sr. Herian

Siles Zuazo, a former opposi-

tion leader, said that a

planned "march for demo-

cracy" announced yesterday

would go ahead as planned,

but would be a demonstration

of support for the new gov-

ernment.

La Paz, and all Bolivia is quiet

in the aftermath of the coup.

Troops and tanks are on the

streets of La Paz and troops

surround the Interior

Ministry.

President Palace spokes-

man, who refused to be identi-

fied, said Lt.-Col. Faustino Rico

Toro, the Interior Minister,

was arrested in a regimental

quarter in La Paz after mid-

night. The spokesman said the

arrest of Col. Rico Toro

apparently prevented the

Pereda Government from

mobilising its forces to prevent

the coup.

Sr. Herian Siles Zuazo, the UDF

leader, said he and other

opposition leaders were called

to the Ministry of the Interior

at 3 am to be told that a coup

was imminent.

Sr. Zuazo stood as a presidential

candidate in the abortive July

elections this year.

TOKYO, Nov. 24.

A close result would leave the

gap between him and Mr.

Mr. Ohira may have shrunk from

100 points (out of the total of

1,525 to be awarded in the poll)

to less than 100.

Mr. Ohira has 55 members of

his own faction committed to his

cause but can probably count

on support from the 75 members

of the Tanaka faction.

By contrast Mr. Fukuda's support

consists of his own immediate fol-

lowers, numbering 78, plus the

48 members of the Nakasone

faction. A fifth uncommitted

faction, led by ex-Premier Takeo

Miki and numbering 43 mem-

bers, could therefore hold the

balance of power in the Diet.

Mr. Ohira's emergence as a

strong challenger has been

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GREEN PAPER ON EUROPEAN MONETARY SYSTEM

Government not ready to decide whether it is in Britain's best interests to join

THE GOVERNMENT takes a non-committal view on whether the UK should enter the proposed European Monetary System in its Green Paper, published yesterday.

The paper says the Government is not yet in a position to say whether it would be in Britain's best interests to join the system.

The Green Paper relates the proposal to the international monetary environment, and describes the kind of system which the Government would like to see developed so that it could include and retain all the members of the European Community.

The proposals are due to be discussed by the Commons next Wednesday, and by the EEC Heads of Government at a summit meeting in Brussels early next month.

For about a quarter of a century after the 1939-45 war, members of the Community plus Norway, was not in question. Germany, has not proved an effective basis for a truly European system of monetary stability. The ECU, France, Italy and Sweden have all been obliged to withdraw from it. France on two occasions, usually with heavy losses of reserves or the need to accept exchange rate depreciation.

Stability

It has been open to any member of the Community to join the snake at any time. However, it is not clear that the snake is more likely at this moment to form an effective basis for general European exchange rate stability than in the past. The Government has no wish whatever to interfere with the right of any countries now in the snake to retain arrangements which suit them. It is entirely willing to see a broader EMS developed which would fully accommodate and respect this right. But in the light of experience and of the world economic and exchange rate situations as they now stand, it has felt that it would be a mistake to base the new EMS on extending the snake, or something very like it, to the larger countries which have already found it incompatible with their needs.

Because of the fundamental lack of symmetry in the obligations imposed by the parity grid, the snake has a tendency to encourage deflationary policies overall.

The Government has put forward two main proposals designed to overcome this disadvantage in the snake system:

1—The Government suggested that instead of operating on the basis of a "parity grid,"

the exchange rate obligations should be related to movements away from the weighted average of Community currency values.

Each participating currency would be permitted to fluctuate within the agreed margin on either side of its reference rate against the "basket" of currencies comprising the European Currency Unit, which in any case will act as the "numeraire" of the system. When a particular currency reached either of its margins, there would not necessarily be another currency at its own margin at the opposite end.

Inflation differentials between Community countries are much greater than in the snake was set up in 1972. There are still significant differences in inflation rates of payments performances, for example Germany continues to have a substantial surplus. Community currencies are differentially affected by sharp changes in the strength of important currencies outside the Community, especially the dollar, the Swiss franc and the yen. The EMS would have to be strong enough and flexible enough to survive both the internal and external strains which this situation implies. Accordingly, the Government has urged throughout that the EMS as a whole, and its exchange rate regime in particular, should be substantially different in character from the snake.

The characteristics of the EMS described at Bremen and described in paragraph 8 encouraged the Government to believe that this was something which could be achieved in the negotiations.

2—The approach

The Government believes that its approach is not only in the best interests of the future of the European Community, but also reflects what should be the spirit of Community action.

As stated in paragraph 10, the first requirement should be to shape the EMS so that it can accommodate all members of the Community, even if that means some loss of uniformity and some difference in the provisions for various members. The discipline of the system would then be more effective because it would be durable. Symmetry in the obligations placed on the stronger and weaker members is equally in line with the Community spirit.

If the margins established for exchange rates are placed under strain by the exception of a strength of a strong currency which is manifested by a large surplus on the balance of payments, that should not automatically impose obligations on weaker currencies.

Conversely, if a currency is also true, but in that case a loss of reserves and other pressures will in any case oblige the deficit country to take corrective action.

3—Parity grid

This approach has informed the Government's attitude to the technical questions described below. Indeed the discussions which have taken place on these technical questions have thrown a light on the extent to which potential members of the EMS accept the practical implications of the fundamental truth that the durability of any exchange rate regime depends on concerted action to achieve greater comparability in economic performance.

4—The snake

The snake works on the basis of a "parity grid" of agreed exchange rates between the members of the system, as explained at paragraph 14 of the Chancellor's memorandum of November 1. In such a system, two currencies always reach their intervention margin at the same time when the gap between them rises to 2½ per cent, so that it cannot be clearly established which is the currency whose divergence is causing the strain. However, whichever of the two currencies is divergent, the parity grid system obliges both currencies to intervene simultaneously.

The government responsible for the weaker currency then



MR. DENIS HEALEY
Principally involved in the EMS negotiations

There is still a spectrum of views on this question in the Community. About half the members favour a presumption which would oblige the divergent country to take appropriate action, unless exceptionally that country gave reasons for not acting. One or two countries are opposed to anything more than a general presumption, and are not prepared to say that a failure to act would be exceptional. The UK view, which has also found support, remains that there should be an obligation to intervene (spending other remedial action) when a currency is identified as divergent. It has been agreed that the arrangements should in any case be reviewed after six months.

Credit plans

The heads of government stated "such measures will be essential if the zone of monetary stability is to succeed". They gave the Community's Economic Policy Committee the task of producing a report. The results of this work were to form the basis for "decisions and commitments" at the European Council in December.

Our partners agree unanimously that one necessary condition for the system to be effective and durable, is that inflation rates should converge at a low level as possible, without this having a deflationary effect.

The Government has been among those arguing that credit to total of 25 billion European Units of Account (EUA) should be effectively available to debtor members at the outset. (See paragraph 17 of the Chancellor of the Exchequer's memorandum.) It believes that this arrangement would be in accordance with the conclusions of the European Council meeting at Bremen, and would be a desirable underpinning of the exchange rate arrangements.

This is now generally agreed, though there remain differences of view about how to split the total between short- and medium-term credit. There are also outstanding questions on the duration of short-term credit (six or nine months) and the very short-term credit given between central bankers in day to day intervention (30 days or 60 days after the end of the month in which the debt is incurred).

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This approach has informed the Government's attitude to the technical questions described below. Indeed the discussions which have taken place on these technical questions have thrown a light on the extent to which potential members of the EMS accept the practical implications of the fundamental truth that the durability of any exchange rate regime depends on concerted action to achieve greater comparability in economic performance.

4—The snake

The snake works on the basis of a "parity grid" of agreed exchange rates between the members of the system, as explained at paragraph 14 of the Chancellor's memorandum of November 1. In such a system, two currencies always reach their intervention margin at the same time when the gap between them rises to 2½ per cent, so that it cannot be clearly established which is the currency whose divergence is causing the strain. However, whichever of the two currencies is divergent, the parity grid system obliges both currencies to intervene simultaneously.

The government responsible for the weaker currency then

current studies of the action needed to be taken to strengthen the economies of the less prosperous member countries in the context of the EMS.

economic growth and the reduction of unemployment.

In an open economy, heavily dependent on world trade, with 30 per cent of our GDP going in exports, we are particularly vulnerable to economic developments overseas, whatever our exchange rate policy may be.

The Government has every intention of pursuing the same firm counter-inflationary policies whichever way the decision on the exchange rate regime goes.

Circumstances could arise in which the exchange rate was lower within the scheme. It however, it is assumed for the purposes of argument that the average exchange rate could be a little higher inside the EMS regime, we then have to consider first, the impact on costs as well as on prices. And second, the sensitivity of UK exports to imports to price changes.

A higher average exchange rate may make British goods and services dearer to foreigners, but it will also reduce the costs of British business. It should lead too to lower rates of wage increases without any loss to living standards. The presence of a higher exchange rate may stimulate cost-saving and therefore efficiency. By itself, that routes the loss of price competitiveness may be offset and even reversed. Once a virtuous circle of exchange rate stability, lower costs, greater efficiency, to efficiency has been established, the effects of any initial loss of price competitiveness may be removed.

Much depends on the speed with which the beneficial effects move through the system. Similarly, the duration of any benefit to a competitive advantage through depreciation will depend on the speed with which the resultant cost increases from their introduction on the EMS.

The Government welcomes this emphasis on the importance of maintaining stability in the exchange rate with the help of co-operative credit and reserve asset arrangements provided they are satisfied that the timing and nature of the agreement is right. It is wholly appropriate that we should do this within the European Community to which we belong. We adhered to the Bretton Woods agreement for fixed but adjustable exchange rates for a quarter of a century.

The Government has made it clear, in action and in statement, that it is giving and will give top priority to fighting inflation. This will govern its policies when the UK joins the exchange rate mechanism of the EMS at the outset or not. As part of that the benefits to competitiveness from a lower exchange rate come quickly and then decline progressively, while the benefits to a country-inflationary policy from a higher exchange rate come fairly slowly but then build up over a period.

The initial effect of a higher exchange rate is to increase receipts from exports in foreign currency and to reduce foreign currency expenditure on imports. If, however, the effect is to reduce exports and increase imports, this initial improvement in the terms of trade may after an interval be more than offset so that the balance of payments deteriorates through loss of competitiveness.

Benefits

On one view a substantial part of the benefits to price competitiveness of a lower exchange rate will persist for several years. On another view the period of substantial price advantage will be only a year or so and will be bought at a relatively high inflationary cost.

What seems quite clear is that the benefits to competitiveness from a lower exchange rate come quickly and then decline progressively, while the benefits to a country-inflationary policy from a higher exchange rate come fairly slowly but then build up over a period.

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The UK would like a positive approach to the relationship of the EMS to the dollar and the international monetary system as a whole.

months, the sterling effective exchange rate, in terms of a basket of currencies, has remained between 61.5 per cent and 63 per cent of the Smithsonian parities (1971), a band of less than 3 per cent. In the other two months it was above 63 per cent. Like most other European currencies, sterling has risen in terms of the dollar, but fallen in terms of the mark within this overall stability.

Joining the exchange rate mechanism of the EMS could help us fight against inflation if the mechanism were durable for a substantial period and deterred rather than encouraged speculation.

Implications

We are seventh out of nine in terms of GDP per capita; in 1980 we could become the largest net contributor to the Community Budget. This would have a damaging effect on the Community as a whole as well as on Britain. The British Government, with the support of the Irish and Italian Governments, has argued that the European Council should make a firm commitment over a limited but fixed period of years, to bring the pattern and scale of net resource transfers attributable to this. Community policy taken as a whole, including resource transfers through the Budget, must contribute to economic convergence. It certainly should not hinder it. The Government is concerned about the present budgetary position of the UK in the Community, and about the way in which its burden will increase as the transitional arrangements come to an end next year unless corrective action is taken.

The UK would like a positive approach to the relationship of the EMS to the dollar and the international monetary system as a whole.

The trade of some countries and in some goods is very much more price sensitive than others. Many imports of food and raw materials may be rather insensitive to price change. Some exports are sold very much more on quality and delivery than within a reasonable margin, or price.

A further very important consideration is that if a falling exchange rate helps us to an acceleration of inflation, industry begins to suffer in a great variety of ways, which themselves damage competitiveness, higher interest rates, a demand for increased working capital, uncertainty hindering investment, and acceptance of contracts, greater risk of industrial difficulty, and diversion of management efforts etc.

The conclusion from all this must be that it is extremely difficult to put figures to the effects of a higher exchange rate with any kind of confidence. Moreover, it would be a guess-work to predict how long the rate would be in any EMS exchange rate regime, or whether it would be higher at all.

Conclusion

Perhaps a fair conclusion would be that there are cases where countries could benefit from a higher exchange rate with any kind of confidence. Moreover, it would be a guess-work to predict how long the rate would be in any EMS exchange rate regime, or whether it would be higher at all.

Competitiveness

It is a major area of economic controversy whether a higher average exchange rate would cause loss of exports through reduced price competitiveness of UK goods and services. This would increase import penetration, damage the balance of payments and reduce domestic output.

The first question is how far the exchange rate would in fact be higher within an EMS exchange rate regime than currently negotiated. Some may regard the EMS as little more than an exchange rate mechanism, supported by central bank swap arrangements. The Government sees it as much more than that.

They believe it was conceived in the autumn of 1977, the British Government had to reduce intervention and allow sterling to rise in the face of this. Conversely, while intervention would be required to hold the rate down by buying foreign currency. This would tend to increase the domestic money supply, and mean that the monetary targets would be overtaken, as has happened recently in Switzerland and Germany.

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Thus, although there can be periods when no serious conflict arises, there is the possibility of a conflict between a fixed exchange rate policy and a policy for control of the money supply.

The Government cannot yet reach its own conclusion on whether it would be in the best interests of the UK to join the exchange rate regime of the EMS as it finally emerges from the negotiations. However, the Government's basic objectives will remain unchanged whatever decision is taken. The Government will vigorously pursue the policies which are necessary for improving growth and reducing unemployment. The foundation for these policies must be an improvement in our industrial performance and victory in the battle against inflation. Only these can provide a lasting basis for "vitality" of the exchange rate.

UK GROSS AND NET CONTRIBUTIONS TO THE COMMUNITY BUDGET 1973-80

The Treasury's latest estimates, on the basis of current Community policies, for UK contributions to, and public sector receipts from, the Community Budget, in calendar years, together with figures for past years, are:

	Gross contribution	Receipts	Net contribution
1973	181	79	102
1974	181	150	31
1975	342	398	-56
1976	463	296	167†
1977	737	368	369
1978	1,285	555	730
1979*	1,430	650	780
1980*	1,655	760	895

*Forecasts for 1979 and 1980 are at 1978 prices. Inflation will increase these figures.

†Up to mid-1976, the monetary compensatory amounts which are payable on agricultural imports into the UK from other member States and are financed wholly by the EEC were paid by the UK and included in the receipts shown above. From that date they have been paid by the exporting member State and are therefore excluded from the UK's receipts. This change increased the UK's net contribution to the Budget but correspondingly reduced the cost of the imports concerned.

The government responsible for the weaker currency then

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LONDON GOLDHAWK CENTENARY BONUS

You'll always find a rich reward at London Goldhawk Building Society. And next year, even more so, because 1979 sees our one hundredth anniversary. To mark the occasion we have decided to pay a Centenary Bonus on all of the shares listed below, which will be paid as an extra 0.25% interest throughout 1979.

New interest rates from 1st Dec 1978, current rates of interest will be increased by 1.30% the effect of this and the new Centenary Bonus are shown below.

SHARE	INTEREST	CENTENARY BONUS	INTEREST
Standard	8.25%	8.50% = 12.69%	
Executive	8.75%	9.00% = 13.43%	
Business	9.00%	9.25% = 13.81%	
Business	9.25%	9.50% = 14.18%	
Business	9.50%	9.75% = 14.55%	
Business	8.75%	9.00% = 13.43%	

* The new interest rates come into effect 1st Dec 1978.

NEW ISSUE We are also pleased to announce the re-introduction of our shares at three months' notice of withdrawal.

Our shareholders will be entitled to withdraw the shares shown above at any time between 25th August 1978 and 25th August 1979.

For a higher copy, enclosing this coupon for further details.

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<p

YOUR SAVINGS AND INVESTMENTS 1

JPI, in life

Some savings plans are so good they cannot be advertised.

Eric Short shows how you can get 15 per cent net on regular savings plans.

The Royal road to faster saving

ONE OF THE best returns available to most regular savers is now provided by building society linked life policies. At current interest rates some of these schemes are now promising returns of up to 15 per cent a year over four years; yet very few investors appreciate the advantages of combining life insurance with building society savings.

The idea is that the investor takes out a 10-year life policy paying monthly premiums. The insurance company takes a small percentage for its expenses and the cost of life cover and the rest is invested in a special building society account.

The key to the phenomenal return you are promised is these schemes qualify for the usual life insurance tax relief—16 per cent at the moment and 17 per cent from next April.

When the investor wants his money, he simply cashes-in the amount accumulated in his account. Provided he runs the policy for at least four years there are no penalties for cashing-in. But proceeds from policies cashed-in earlier will be subject to "clawback" of the tax relief element. The building society may also make deductions to cover expenses.

The table shows the latest

BUILDING SOCIETY PLAN v ENDOWMENT

Returns for a man aged 30 investing £10 a month (before tax relief)

Term years	Building society plan		10-year with-profits endowment	
	Net premiums £	Cash-in value £	yield %	Cash-in value £
1	100.2	100	—	—
2	280.4	214	—	157
3	300.6	340	—	277
4	400.8	536	15.2	414
5	501.0	700	13.8	560
6	601.2	877	12.8	724
7	701.4	1,069	12.1	911
8	801.6	1,277	11.6	1,116
9	901.8	1,502	11.2	1,339
10	1,002.0	1,788	11.3	1,405

On current returns.

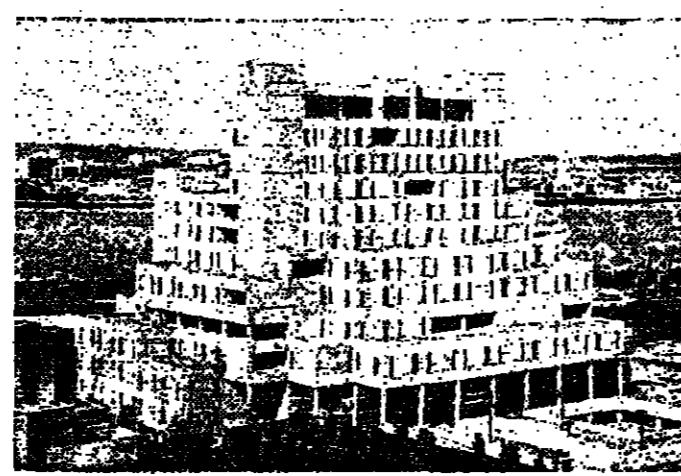
expected returns from Royal shows the return you would get if Insurance's plan linked to the from Royal's standard 10-year Cheshire Building Society, with-profits policy on the basis which has just raised the of present bonus rates and sur-interest rates it pays to policy-holders. Somewhat surprisingly, you get the best yield if you value cannot compete, while the cash in after just four years, surrender values are for the earliest you can wind up the policy without clawback.

On the projected figures, in savings, would be better off in the building society plan, with no loss of investment security. But if interest rates drop, the building society yield would also

be subject to "clawback" of the tax relief element. The building society may also make deductions to cover expenses.

The table shows the latest

For comparison the table also



Royal's headquarters: interest rates reaching for the sky.

Middlemen take cut

IS IT RIGHT that solicitors, accountants, insurance brokers and other professional people pay in commissions when they place a client's money or take it more difficult for them to do so in keen terms to the public?

Several societies now pay up to 11 per cent commission to agents who in many cases do

OPINION

little more than fill out a few forms. For a deposit of £10,000 a fairly typical figure these days—that works out at £150.

The major societies, whose

generally modest commissions

are shown in the table, blame

growth-hungry middle rank

societies for rocking the boat.

Medium-sized societies are

accused not only of bidding up

commission rates but of being

free-and-easy about whom they

pay. The majors generally—and

the Halifax and Leeds in par-

ticular—emphasise that they

restrict their commissions to

agents who have signed con-

tracts and are in many cases

providing sub-branch facilities.

Some other societies, it is sug-

gested, pay commission even to

people who have no prior

arrangement.

The Building Societies Asso-

ciation is now trying to get the

top 20 societies to agree to pay

no more than a maximum of

1 per cent commission from next

January.

Considering that BSA mem-

bers with a few minor exceptions

agree not to compete with each

other on interest rates—which

are the one area where healthy

if limited competition might

benefit savers and borrowers—

the case for competing with

each other on such peripherals

EAMONN FINGLETON

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Send for details of the M&G Share Exchange Plan by completing the coupon below.

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Passport to cheaper motoring

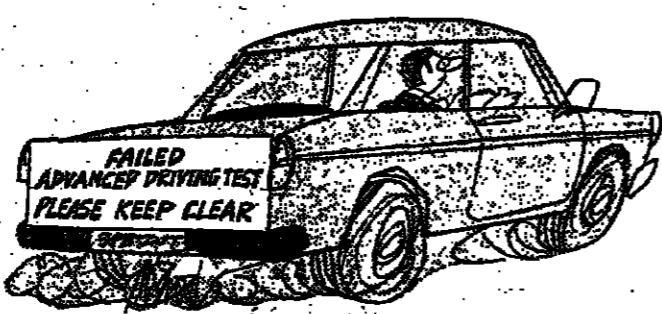
INSURANCE

TIMOTHY DICKSON

YOU CAN make a hefty dent in your car insurance bill if you can prove you are a skilful driver.

Several insurance companies and syndicates now recognise that if you have passed the Advanced Driving Test you are a good risk and will quote you lower premium rates. The discount can often be worth between 5 and 25 per cent of the full "top-line" premium (the figure on which no claims bonuses are calculated). With insurance rates shooting up by 15 per cent this year and a further 20 per cent rise expected in 1979, that can be worth having.

Brokers are cautious about naming insurers which provide such discounts because your entitlement depends on many variables. An insurer which gives some motorists credit for passing the test may not give you any extra discount if you.



are already getting a very keen for "trained" applicants and rate because of your job, age 37 per cent for the rest. and no claims bonuses. On the other hand, your certificate may count in your favour if your insurer loads against you because it does not like the type of car you drive.

The test is run by the Institute of Advanced Motorists, a registered charity with 90 test centres around Britain.

It costs £2.30 and membership of the institute (the passport) to a discount is £3 a year. Through one of its 100 local groups the Institute provides free tuition to would-be drivers and syndicates offering them is

The pass rate is 87 per cent.

Why Save & Prosper Property Fund is well placed to benefit from current investment conditions.

This year capital values of commercial and industrial properties have moved smartly ahead as rents have continued to rise.

Rental growth has been particularly marked in shop properties where increased consumer spending has led to buoyant conditions. Rental increases have also been noted in the City of London, in particular, and also in other sectors of the property market.

It is our belief that the Save & Prosper Property Fund is particularly well placed to benefit from such increases in rental values. Of its portfolio, 44% is committed to shops; additionally, the fund has recently made a substantial commitment to the City of London office market.

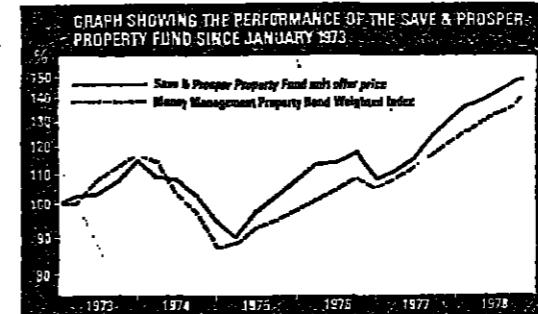
Moreover, of the 61 properties held, 39 have rent reviews between 1978 and 1980, and the income of the fund should therefore be boosted considerably over the coming years.

Rental growth has also reinforced demand from insurance companies and pension funds for prime commercial and industrial property. Indeed, they are continuing their policy of building up their holdings of property to 20%-25% of their assets, despite rising interest rates in the money markets.

This percentage is a proportion that many private investors might also consider appropriate.

Past performance

Since the launch in 1971 the fund has performed well, showing a 70.4% increase in the offer price of units to 22nd November 1978. Performance against the Money Management Property Bond Weighted Index, which was started in January 1973, is shown opposite.



Investment policy

Our policy has always been to invest in medium-sized prime properties in carefully selected locations, since such properties are usually in demand when economic conditions are good. Additionally, in difficult times they tend to remain more marketable.

The fund now has a well balanced portfolio of 61 properties throughout Britain, and is currently valued at over £33.9 million.

Type of property	Number	Date of rent reviews					
		1978	1979	1980	1981	1982	1983
Shops	43	12	8	8	6	4	
Offices	10	2	1	2	1	1	3
Industrial	8	2	1	3	2		

The fund's managers are advised by Healey & Baker who specialise in shop, office and industrial property throughout Britain. The properties are independently valued at regular intervals by Cluttons, Chartered Surveyors.

PROPOSAL FOR AN INVESTMENT BOND LINKED TO SAVE & PROSPER PROPERTY FUND

SAVE & PROSPER INSURANCE LIMITED 4 GREAT ST, HELENS LONDON EC3P 3EP TEL: 01-554 8888

Registered in England No: 322226. Registered office as above.

7. Withdrawal facility. If this is required, please indicate the percentage of your original investment which you wish to withdraw each year. (Minimum investment £1,000.)

4% 5% 6% 7% 8%

I should like the first withdrawal facility to be made on the last day of (month) (year) and half-yearly thereafter. (Not earlier than two months after the date of this application.)

This offer is not available to residents of the Republic of Ireland.

Declaration I declare to the best of my knowledge and belief that I am in good health and that the answers to the foregoing questions whether in my handwriting or not are true and complete. I agree that this proposal, together with any application for the fund and the Company's medical examiner, shall be the basis of the contract with Save & Prosper Insurance Limited.

I consent to the Company seeking medical information from any doctor who at any time has attended me, or seeing any practitioner for any medical treatment to which I have been subject. I also consent to the Company's medical examiner, shall be the basis of the contract with Save & Prosper Insurance Limited.

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YOUR SAVINGS AND INVESTMENTS II

Waiting for Wall Street

AFTER A terrifying tumble last month, American shares seem to have found their feet again — for the moment at least.

The panic that took the Dow-Jones Index from its high of 101 in September to 785 last week is a warning of the risk involved in investing in a country with major economic problems which still have to be sorted out. But the investor who tries to wait for the perfect moment usually waits too long.

There are plenty of reasons for being wary of Wall Street in the short-term. America's inflation is still not under control — and while it remains a problem there is always the fear that a savage new depression is just round the corner.

One of the technical nightmares for analysts is that too many shares are financed on borrowed money: a mountain of "margin debt" money borrowed by share speculators, is still towering over the market.

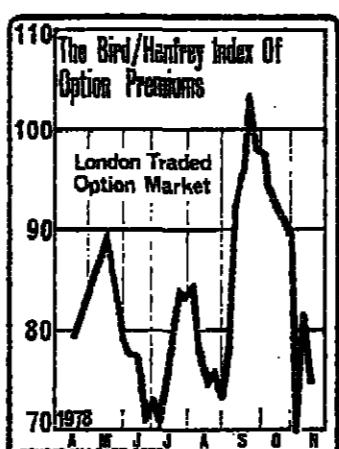
The case for Wall Street now is that the price you are paying for underlying assets is near the low — 700 could have paid anything this decade. The typical price-earning ratio is only 8.

One of the most successful unit trusts in the field is M and G American, which is 80 per cent invested through dollar funds. Accumulation units were selling yesterday at 49.2p. An investment trust to look at is Edinburgh American, which is about 60 per cent in American shares. Its share price is 110p, which represents a discount of 20 per cent on assets.

Opting to hedge your bets

INVESTMENT

JAMES BARTHOLEMEW



THE TRADED option market has been miserable since the Inland Revenue confirmed two months ago that certain dealings by pension funds would be liable to tax. Unlike the rest of us, pension funds are not used to the idea of paying tax. They withdrew their custom. The result is that last Monday, turnover reached an all time low of 199 contracts in a day.

The tax treatment of individual options is much harsher than that of pension funds. But even for the private investor there are certain dealing strategies which do not call foul of unreasonable taxation.

The major tax problem is that if you make a gain from buying and selling a traded option you will probably have to pay capital gains tax on a larger amount than you have actually made. This is because the Inland Revenue deprecate the option on a "straight-line" basis over its life. It is the depreciated value at the time you sell the option that will be used in calculating your "gain".

In the Revenue's eyes the "cost" of an option sold towards the end of its life will be negligible and you may sell it for what is regarded as profit whereas it is in reality a loss. Hence you can face tax on a loss.

The most attractive strategy for a private investor is to sell to someone else an option to buy shares which you hold. According to W. I. Carr, the stockbroking firm which charts option values, the premiums paid for most options are higher than in theory they should be.

From a tax point of view the strategy is usually trouble-free. As long as you let the option expire or allow the shares to be

called away, you will only be liable to capital gains tax in a way that everybody would agree was fair.

A variation on this strategy is a "bear spread." Still expecting the shares to be stable or fall, you again write an option at today's share price or above it. But this time you do not own the underlying shares. Instead you buy an option to buy the shares at a higher exercise price on the same date. This means that if your neutral/bearish view is confirmed and the shares rush up, you are protected against a large loss.

The tax on this transaction is less fair. The money spent on the protecting option will normally not be allowable. But this option should be inexpensive so the tax loss foregone will not be great.

If you want to make money out of "covered" options — that is options you sell granting someone the right to buy shares in your portfolio — it is best to make the exercise price either today's share price or higher one. Say you have shares in BP standing at 914p. For 41p you could sell someone the right to your shares at 950p anytime up to next April.

This strategy would make sense if you want to hold on to the shares but do not expect them to perform brilliantly over the next five months. It is a way of making money out of a dull market.

Unlike other uses of options, this strategy is highly conservative and actually reduces your risk. If BP suddenly fell 100p, you would have 41p compensation. But by the same token, if the shares rocketed, you would miss out on the fun.

From a tax point of view the strategy is usually trouble-free. As long as you let the option expire or allow the shares to be

men to other policyholders and to the Government.

The latest financial statement reveals that the Department of Trade has been paid nearly £490,000 in fees and the Inland Revenue over £200,000 in taxes.

Deloitte's adds: "The Revenue

contends that the coins are not the sort that numismatists collect and they have been put to a view to realising a profit."

Deloitte's experience has been

reflected at the Gresham-Graves stockbroking firm, Gresham-Graham. Mervyn says: "Some of our clients have had trouble with the tax inspector immediately responsible for their affairs but, where they have challenged the ruling, it has usually been reversed at a higher level. Our advice is

not to treat gains as income."

It seems that any money not claimed goes not to boost pay-

men to other policyholders and to the Government.

The basis of the Inland Revenue's new attitude is that dealing in Krugers is "an adventure in the nature of trade" and therefore should be taxed as self-employed earnings.

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The basis of the Inland Revenue's new attitude

MOTORING/GOLF



The Opel Senator: top executive transport in the BMW and Mercedes class.

Try a little luxury

BY STUART MARSHALL

OPEL'S latest luxury cars, the Senator and its coupé derivative, the Monza can hold up their heads in select and expensive company.

At £9,500 the Senator can hardly be considered as budget-priced transport for the top executive. But comparing it with even more costly cars like the BMW 720, which costs £12,084, or the £12,49 Mercedes 280SE, is not unrealistic. Nor is the result unflattering on the Open.

The Monza really has no direct equivalent. It is a visually exciting coupé, with two passenger doors and a monstrous hatchback opening on to a large, carpeted boot. Despite its sweeping lines, it is a proper four- or five-seat car. The back seat is easy to enter and leave because the doors are so wide they leave a big gap between the front seat backrests and the body pillar. And you don't fall over the seat belts when getting into the back of the Monza: an extension holds them out of the way. A second extension allows a petite woman to drive belted-up without the webbing rubbing on the side of her neck. Other manufacturers please copy.

Although they look quite different, underneath the sheet metal the Senator and Monza are almost identical twins. They have 3-litre, six-cylinder engines with fuel injection, developing 132 horsepower at 5,800 rpm. Automatic transmission is standard. Only the Monza is offered with a four-speed manual alternative for the same price.

Power steering, disc brakes

all round and fully independent

suspension are all part of the Senator/Monza package. The Monza looks smaller, but it is only half-an-inch shorter in wheelbase and the difference in overall length is 5 inches. The 15.4 gallon tank holds a gallon less than the Senator's. Performance is marginally better. In normal use you would hardly notice any difference, but the exterior mirrors are adjustable from inside. The heating and demisting starts working within a few hundred yards and keeps the front door windows clear of mist.

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TWO GOLFERS from Indonesia with the unlikely names of Superman and Sumarno will tee-up some time next Thursday here in Kauai, on the glorious Princeville Makai course, in the certain knowledge that they will be locked in battle with the Yugoslavians to avoid finishing last in the 26th World Cup two-man team championship.

Some else may beat them for that doubtful honour. But precedent decrees that these two nations are unlikely to finish much higher in an event that will bring together golfers from 48 countries in this garden paradise. The Indonesians last competed in 1959, when Salim and Slamudin finished second last and last respectively, each breaking 90 but once. But Yugoslavians Mirko Vrt actual took 407 shots in this 72-hole championship in Bangkok, to finish last in 1975.

The significant fact, however, is that this gentleman improved considerably to take only 391 shots in Manila last year, when finishing last once again in a 98-hole field.

That is what the World Cup is all about. It seeks merely to spread goodwill through golf, and to my certain knowledge, achieves the aim of the instruments are easily seen the exterior mirrors are adjustable from inside. The heating and demisting starts working within a few hundred yards and keeps the front door windows clear of mist.

Both cars fire up instantly on frosty mornings without so much as a dab of the accelerator pedal. Their transmissions are smooth to the point of being self-easing in the way they change up or kick down. The front seats are adjustable for reach, tilt and height. All the

swings, Australian will be represented by youngsters Greg Norman and Wayne Grady, while the Japanese even had the temerity to suggest sending an amateur team.

The IGA, which is sponsored by American Express, Pan Am, International Telephone and Telegraph, Times Inc., Colgate-Palmolive and Rothmans International, told the Japanese politely but firmly that this was unacceptable, and earlier this

sponsoring body, the New York-based International Golf Association, admirably each year in various exotic locations around the world.

Als, Watercille in Ireland's Co. Kerry lost the event in July this year because politics reared its head and the country in question refused to allow the championship to be staged there because the South Africans planned to take part. There has been a token protest against their inclusion here in Hawaii, but hopefully it will amount to no more than that.

But an event whose winners include such names as Ben Hogan, Sam Snead, Arnold Palmer, Jack Nicklaus, Lee Trevino, Gary Player, Peter Thomson, Roberto de Vicenzo and Mr. Lee will be missing many of its more familiar leading lights this year.

For instance, Seve Ballesteros, who has gained more prestige in his native Spain from winning the last two World Cups and the 90-day voyage, with all the permutations in between, may be dazzling and/or confusing. And, to be realistic, not everyone makes the ideal cruise person.

Obviously the more active or more sociable traveller is the one who will get the fullest value for his or her money, since the purpose of cruise personnel is to keep you happily occupied or entertained most of the day. But you have the choice of participating in everything or nothing, and there are few ships on which the more self-sufficient won't also find quiet corners of deck hardly ever visited by anyone else. It's a wonderful way of seeing a lot without the repetitive chore of packing and unpacking, and with the knowledge you will be pampered every nautical mile of the way.

Cruise costs (excluding travel to port of embarkation) range from a minimum of about £15 per person per day, but two or three times that figure is more realistic for a berth in a double outside cabin with private facilities. This, of course, covers not only the voyage and "full board," but an often lavish programme of entertainment and a host of extras, such as an almost constant supply of things to sip or nibble. The only main additional expenses are those at the bar, personal items like laundry, and optional shore excursions.

Second, the main national content of the passenger list can make a big difference to the mood of the cruise. I mentioned a few weeks ago how a British accent won me a host of instant friends on board Holland America Line's Veendam in the Caribbean last winter when the passenger list was predominantly North American. On the whole, the Americans enjoy a chummier approach to the whole cruise programme, and their shore excursions are heavily weighted towards shopping. This applies especially to cruises out of U.S. ports. On another HAL voyage out of Singapore on the Prinsendam sun quickly, and the luggage restrictions on the flight are no great handicap when packing for warm weather areas. Some people, however, still prefer the ease of boarding at a UK port. If you have an exploratory turn of mind, you should check that ports of call are frequent and varied enough to suit you.

There are a couple of perhaps less obvious points to bear in mind. With the tremendous increase in package arrangements combining not only air travel with complete cruises or

cost two obvious points to look out for are the type of cruise and the ports of call. Fly-cruises, for example, have the advantage of getting you to the sun quickly, and the luggage

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PROPERTY

The gain and the pain

BY JOE RENNISON

HOW BADLY have we been hit with which they are concerned first time buyer. Offset against the rise in prices over the past year? If Fox and Sons of the southern part of England are from 20 per cent to 40 per cent approximately. These increases do not appear to have qualified to make such an significantly diminished demand, assessment as they are one of and all the new developments the largest agents in the country and operate in the south and west. Their office report on the situation as follows:

Demand for residential property at all levels in the Bournemouth/Poole/Christchurch and surrounding areas has remained strong throughout 1978. In the early part of the year, the number of properties available on the market became as low, if not lower, than during the property boom of 1972-73. In line with the rest of the country, the area has experienced a substantial increase in property prices. The upward surge eased towards the end of spring, but renewed itself in the later summer months. It is probable that pressures are now easing again, but it is too early to have concrete evidence. Their records show that new developments

First-time buyer

While they think that the rise in the building society lending rate to 11 per cent must affect the residential market over the next few months, they do not agree with the opinions immediately expressed by some politicians and members of the property profession as to the extent of difficulty it will create for the

market. The effect of this market has been to create considerable demand for land with planning approval for residential development. There is plenty of evidence to show that prices being paid are up to 50 per cent

higher than a year ago.

On the increase of 2 per cent in M.R.L. will no doubt work to reduce the volume of output from builders, but this will probably take a little while to work its way through the market. Acting against the pressure will produce an increase in property prices in the early part of 1979 and it will be extremely difficult to assess the apparent determination of the present Government to ensure that the rise in real incomes will be severely constrained during the coming months.

Assessing the above factors, they anticipate that during the next few months, the increases in property prices will reduce to a level more in line with inflation, but demand should

remain strong enough to ensure that there is no property slump. Developers should be able to sell without any great difficulty, but it is possible that increasing construction and finance costs could in time make the current prices being paid for some land appear dear.

Beyond this, they find it difficult to make any relevant estimate. Property prices are closely influenced by the economy of the country and governmental actions. At a time when there are so many contrary and volatile elements in both, forecasts for the future become merely guesswork.

The Brighton branch of the business has seen a similar pattern in the market.

Owing to a greater relaxation on the money market and the availability of mortgage funds, they saw a considerable increase in property prices in the early part of 1978 and it became extremely difficult to assess values owing to the excessive demands for all types of property. A number of gazumping situations occurred as the demand outstripped the supply especially at the lower end of the market and it was felt that all

the ingredients existed for a continual price spiral on the domestic property scene. The period semi-detached houses selling for £21,000/£22,000 are varied widely from 5 per cent to

now £26,000/£27,000.

In Shoreham on an estate started some 8 years ago, a small Regency style three-bedroom house sold at £16,000/£16,000 in early 1978. Today the price is between £22,000/£24,000.

The biggest leap in prices has been in this £15,000/£20,000 range while over the same period semi-detached houses selling for £21,000/£22,000 are varied widely from 5 per cent to

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The biggest leap in prices has been in this £15,000/£20,000 range while over the same period semi-detached houses selling for £21,000/£22,000 are varied widely from 5 per cent to

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HOW TO SPEND IT

Armchair shopping

FOR THOSE who can't face the traffic, the crowds, the over-heated stores, the jostling and pushing that seems an inevitable part of the Christmas shopping scene, this week's page is almost entirely devoted to ways and means of shopping by post. Anybody who has an account at a big store like Harrods or Simpsons will by now already have received their glossy catalogues, and probably still be drooling over their enticing, if astonishingly priced, wares.

There seemed little point, therefore, in drawing the catalogues of the stores to your attention so, instead, I have concentrated on some of the lesser-known that run mail order businesses on a smaller, but not necessarily less beguiling, scale.

Each year I mention HALCYON DAYS of 14, Brook Street, London W1 for the very good reason that although every-

thing it sells has a definite taste and style behind it, nonetheless there is every year something new. There is always a special Christmas enamelled box and this year's version is a Regency Street scene of a family arriving with presents on Christmas Eve. It costs £15.50; but for the full range of small, exquisite delights, both old and new, send off for the catalogue. JUST GINGHAM at 44 Picadilly, London, SW1 specialises in—you've guessed it—gingham. They use gingham in sixteen different colours, so there ought to be something to match almost any room; and there is a complete range of bed-linen all trimmed with gingham—sheets, pillowcases, duvet covers, bedspreads, valances and blanket covers. Prices start at £2.95 for a pillowcase, a single sheet is £2.25, a duvet cover is £18.50, while bedspreads are £25.50 for single size, £29.95 for double.

Besides the bedlinen there are matching dressing gowns, children's clothes and toys, kitchenware (tea-cosies, egg-cosies, napkins) and so on. Write to Just Gingham for their leaflets, sending 25p to cover costs.

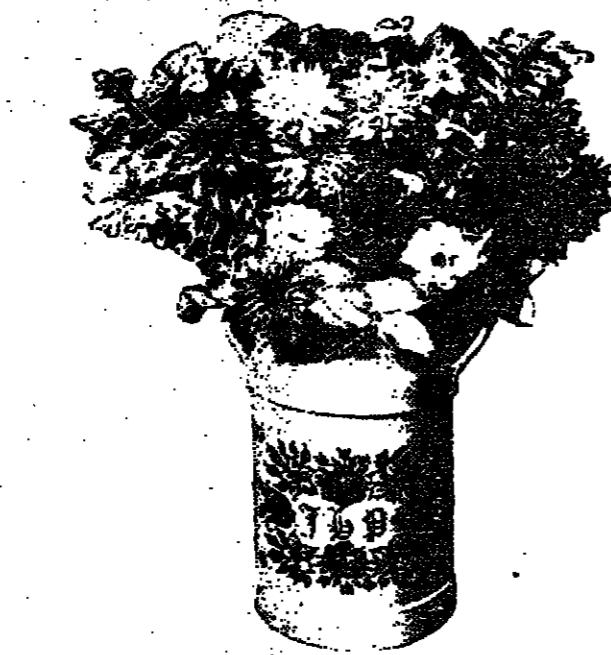
JACKSONS of 171 Piccadilly, London W1 (their Sloane Street branch has now closed), have a lovely, glossy catalogue mainly concerned with foods of all sorts: from rare and delicate teas to rich and fattening patés. However, they have a flourishing gifts department and some of its most portable items are shown in full colour at the back of the catalogue. Send 55p to cover cost and postage and packing.

THE ORMEAU BAKERY, 307 Ormeau Road, Belfast, is a good source of traditional Christmas food like plum-cakes, Irish fruit cakes, Christmas puddings and the like. They have a clear leaflet from which you can order easily and, having dealt with them personally for years, I know they are very reliable and post to all parts of the world. Please order by 10th December.

Presents with presence

PARROTS, of 56, Fulham Road, London, SW3, is one of my favourite present shops and luckily for those who live out of London it has a very full, glossy illustrated catalogue. There are presents for the rich and square, the rich and trendy, but there are also masses of the small, amusing presents that are often so hard to track down. I particularly like their Pierrot dishes and ashtrays, their exquisite bedroom cushions covered in finest Swiss lams and their dotty pottery.

The lazy or very busy will like to know that Parrots will make up stocking selections for you. There is a lovely felt stocking, monogrammed with the initial of your choice which costs £2.80. You can buy it on its own or have it filled with presents of your own choice (or America). Alternatively they painted enamelled milk churn you pay for the presents, of course, but for extra charge of £5.50, each one can be gift wrapped and the whole filled stocking sent to anywhere in the UK (highest charge for Europe



or America). Alternatively they painted enamelled milk churn will fill the stocking for you if makes a splendid vase at £28 you just give them age, sex, with initials alone or for £39 interests and price bracket they will paint on flowers as £12.50, £18.00 or £25.00. They well.

Parrots have to charge for initial items and this-hand- the catalogue—send 60p.

Tate tote

series—the Tate. For a small, but exceedingly useful present, there's a tough tote bag made from red duck with strong handles, a gusset and a stiffened base. Both sides are printed with names of artists represented in the Tate. The bag is £2.50 plus 50p p+p. Write to: The Friends of the Tate Gallery, Tate Gallery, Millbank, London, SW1. Or what about membership of Friends of the Tate? For only £8.00 per year this entitles members to all kinds of special privileges like free entry to all exhibitions, opportunities to attend lectures, private views to join in, visits abroad and so on.

PERSONALLY NAMED Scripto PEN SETS

Quality durable pens. All silver metal tops, plunger, pocket-clip and writing tip. Four pens (2 blue, 1 black, 1 red ink). Each pen personally named in permanent silver leaf (same name) in attractive pocket wallet. Inclusive of post, packing, VAT. No risk, full refund assurance. Useful long-lasting Xmas gift for all age groups.

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NO MORE TO PAY



Solve your Christmas or birthday gift problems with personal and extremely useful Scripto ball pen sets. The present your family, friends and children will really treasure. These superb, spring-loaded retractable ball pens are easily refilled.

NOTE: Refills are the 'universal size' required worldwide. Do not delay—send your order now for very soonest despatch.

HOW TO ORDER: Complete the Order Form in block letters. Only one Christian name (or initials) and surname, each set. If more than ten different sets are required, use a separate sheet of paper for the additional sets, and send together with Order Form and correct remittance, made payable to: NAMED GIFTS LTD.

20 CHURCHFIELD ROAD, LONDON W3 6BD. Allow 10 days for delivery.

ORDER FORM FT2

Write clearly names required in BLOCK CAPITALS

1	6
2	7
3	8
4	9
5	10
Total number of sets. (at £2.00 per set complete)	
I enclose Cheque/PO/Cash £	
If undelivered return to NAMED GIFTS LTD, 20 CHURCHFIELD RD, LONDON W3 6BD.	
Name _____	
Address _____	
Reg. No. 1139337	

Evergreens

BASICALLY ALL I was in Bambi to come bouncing out of the prospect of from between the frosts at any tinsel, pretty lights and mince moment. It was the others who started the argument, and all because of my new plastic offerings in various shades of green, plus white, silver and gold. Across town at Liberty's the last one in the store of that they have gone in for the art size. "We've had a run on droopy frondy variety rather than the delightful and the spiky Nordic type," said the Liverpudlian assistant as we for the moment have good struggled in early festive to stocks. "But," confided my gatherness to dismantle the Liberty guide, "People seem to display model.

Five feet tall and £10.50 from the Baumersmith Co-op, it was gold. Across town at Liberty's, the last one in the store of that they have gone in for the art size. "We've had a run on droopy frondy variety rather than the delightful and the spiky Nordic type," said the Liverpudlian assistant as we for the moment have good struggled in early festive to stocks. "But," confided my gatherness to dismantle the Liberty guide, "People seem to have gone mad. I wonder if

She was right, of course. They'll run out of money before pre-season rush for artificial Christmas? With the Liberty trees is, it seems, taking on a display tree so liberally remarkable proportions. At covered in splendid sparkling

Paperchase, which has the best goodies that a buyer of the lot, looking mock-trees in the including tree, would not get

capital, they are eager to show much change from £50 off

off, magnificent greenery large

ing to my mental arithmetic, I

small, but even there they see what she means.

But back to the argument about the between sizes. "Er,

The point was that from one side it was stressed that no real person would buy a plastic tree and that the purchase of such a product consigned me to the social dustbin. From the other

came the argument that the annual British pine cult in the cause of a basically pagan winter festival was barbaric. Real trees, like real furs, were out. It seems you cannot win. But do pines feel pain?

While you ponder that, I am off back to the Co-op in Hammersmith. My Liver bird

may help me choose some mistletoe—artificial, of course.

Co-op shops have sold 1,500 trees in the last couple of weeks—so hurry. They range from 4 ft at £6.50 to 7 ft at £28. Heals have three different types of green tree: from a 2 ft Cypress, £2.49 to 7 ft Canadian pine at £36. There are tinsel trees in eight colours from £4.25 to £7.49.

Paperchase, 216 Tottenham Court Road, has trees at 3 ft 4 in, 4 ft 3 in, 6 ft and 7 ft 10 in

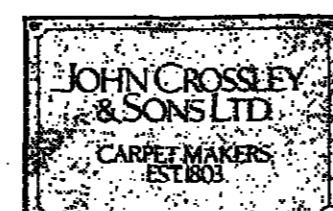
in various colours ranging in price from £9.35 to £58.65.

Boots Department Stores have large supplies of trees, both green and tinsel. These range from 4 ft 3 in (£2.80) to a 6 ft pine at £16.50. Woolworths also

have good stocks including a spruce 6 ft 8 in at £15.99. John Lewis branches have green trees of 4 ft 6 in (£9.50) or 7 ft 8 in (£21) or tinsel in two colourways up to 6 ft 6 in at £12.50.

BY ARTHUR SANDLES

FRED ASTAIRE EAT YOUR HEART OUT.

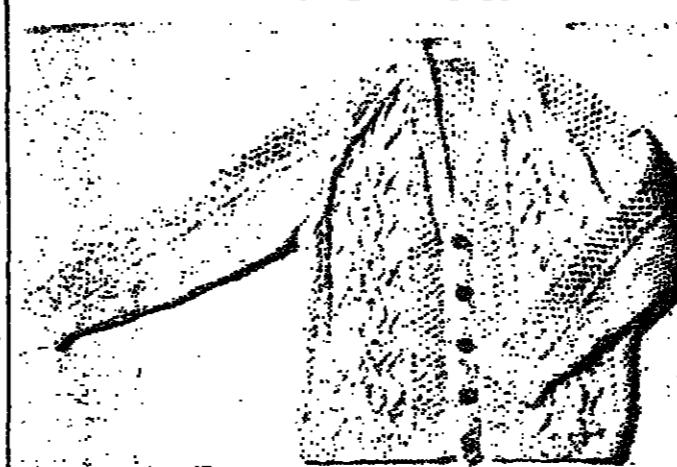


A lasting tradition.

JPJ, is it?

Lucia van der Post

Irish charm



IRISH HANDMADE goods often have a lovely quality about them—tweeds in lovely earthy colours, creamy Aran sweaters, fine Irish linens, charming cuddly toys—all these have a distinctive Irish flavour which gives them a charm and individuality that is the hallmark of a good present.

The Irish Shop at 11 Duke Street, London, W1 has long been a favourite shop, full of just such desirable goods but until now they have only been accessible either to personal shoppers or to those who knew exactly what to order and how much it cost.

Charity begins at home

IF YOU like to feel you're helping charity as well as giving presents to friends here is a list of charities that offer catalogues and a full mail order service. Many of them offer much the same sort of items as each other so I think the best approach is to choose your charity and then send off for their leaflet or catalogue.

British Epilepsy Association, New Wokingham Road, Wokingham, Berks, RG11 3AY. A tiny leaflet with a heavy emphasis on stationery. Last orders by December 8.

British Heart Foundation, colour brochure from Heart Cards, 57, Gloucester Place, London W1H 4DH (Tel: 01-935 01855). A good selection of cards, calendars and other stationery.

Jigsaws, stocking-fitters for children and fathers. Apart from some basic kitchen gadgets, there are some attractive aprons, tea cosies, oven mitts, etc in white covered with red hearts.

Last orders by December 8.

Help the Aged, PO Box 55, Burton-on-Trent, Staffs, DE14 3BR. Packed with desirable gondies, there is a catalogue, the selection of large section for Christmas.

Christmas decorations, kitchen

patch right up to Christmas.

Leukaemia Research Fund, Medical Research Charities, Save the Children Fund, York Road, Croxley Green, PO Box 40, Burton-on-Trent, Rickmansworth, Herts, WD3 5TP. One of the better-presented catalogues, the selection of large section for Christmas, soaps and decorative candles is including cards, calendars, soft toys—especially a gooney children (a 5-ft luminous card-hurd (£6.95) which walks an board skeleton, £1.20), garden

Christmas decorations, kitchen

lives if you use the puppet con-

gadget and toys for small trol handle.

Orders should be placed

children. You may phone for a

There are other stocking almost immediately as Save the

children requires about 28 days

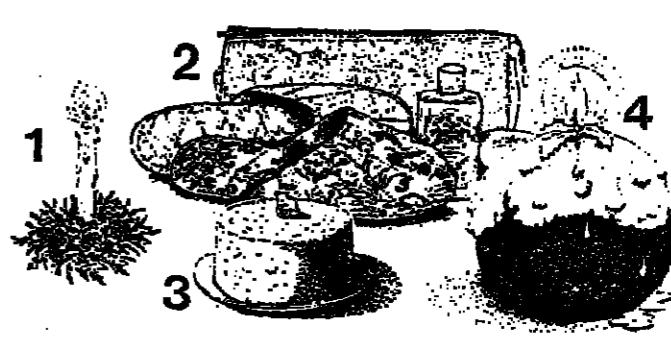
from Pam Richmond, on 01-359 6316. Help the Aged will despatch by Christmas.

Brochure or make inquiries for young children as

children

for delivery but will do their

best to despatch by Christmas.



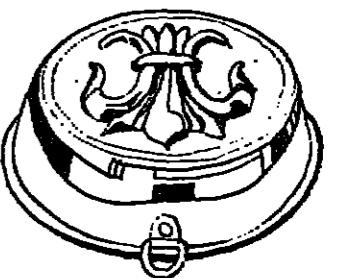
GRAHAM AND GREEN at 2, is a charming travelling set of 4. Elgin Crescent, London, W1, and its sister shop just over the road (and therefore quite sensibly called Over The Road), have produced a charming leaflet which illustrates just some of the marvellous things they have in the two shops.

The marvellous cheese dish with a little mouse sitting on the top is, alas, not postable since it is both heavy and easily breakable. It is 4½ ins high, 6½ ins diameter and costs £3.25.

Finally, the Christmas pudding candle is 95p and alas, they can't post it.

The shop is full of other desirable presents, including some marvellously heavy paper-weights in the shapes of extraordinarily life-like fruits—the lusciously ripe peach at £1.35 is

my favourite (alas, it's too heavy to post).



Copper bottomed

I FIRST wrote about the Copper Shop at 48, Neal Street, London, WC2, two years ago when it first opened. Out of London readers will be delighted to know that it now offers a full, clearly illustrated catalogue so that many of its delightful things can be ordered by post. Besides showing the full range of things that can be bought—from beautiful saucers, through to plant troughs, fireside accoutrements, lamps and lanterns, kettles and measuring jugs, the booklet also tells the interested reader how to care for copper, what its virtues are and advises them of their repair and retaining service.

The leaflet costs 50p (including p+p) and the jelly-mould illustrated above is £2.50 (p+p 37p).

Harrods and Fieldcrest



invite you to visit the new Fieldcrest shop on the 2nd floor of Harrods. Highlighted is a beautiful collection of fashions for the Bed and Bath by Mary Martin, the actress and designer. These original patterns including "Balloons" are inspired by some of her great moments in the theatre.

Fieldcrest

Harrods



Scene Changes

OSBERT LANCASTER

'Sir Osbert Lancaster, wit, clubman, illustrator, cartoonist, author and hon. Fellow of the Royal Institute of British Architects is over 70 now. But his latest book is as inventive and wickedly funny as ever. *The Bookseller*'

'Our finest satirical cartoonist since Bebohm.' *Birmingham Post* £4.50

The Best Ghost Stories of H. Russell Wakefield

Edited and Introduced by RICHARD DALBY

'M. R. James is the greatest master of the ghost story. Henry James, Sheridan Le Fanu and H. Russell Wakefield are equal seconds.' Sir John Betjeman.

This is the first collection of Wakefield's work to be published in Britain since 1940.

£4.95

David Livingstone: The Dark Interior

OLIVER RANSFORD

'A superb biography, scholarly, original, realistic and moving. It will not be lightly superseded.'

216 pages, 12 photographs, 5 engravings £5.50

Published by JOHN MURRAY

BALZAC DICKENS DOSTOEVSKY
GALDOS HENRY JAMES PROUST
STENDHAL TOLSTOY

C. P. SNOW THE REALISTS

'He achieves something far more valuable than unassailable literary criticism: he involves the reader in the lives of some of the most amazing people ever born... leaving you with an absolute determination to read their books.'

Stephen Viscousky, *Sunday Telegraph*

£6.95

MACMILLAN LONDON

Life in the English Country House

A Social and Architectural History

Mark Girouard

'This enthralling and immensely informative book... tells with wit, scholarship and lucidity, how the country house evolved to meet the needs and reflect the social attitudes of the times... Dr. Girouard has enriched my life and will do the same for countless others.'

Philip Ziegler, *The Times* £10.

Yale University Press.

20 Bloomsbury Square, London WC1

TRANS. BY GOSSETT SLEATOR COSIMA WAGNER'S DIARIES

'Inexhaustibly fascinating... a mighty work of enduring human interest'.

Bernard Levin £15.00 illus.

DIANA NOEL

Five to Seven

'Beautifully done, graceful, moving and inspiring'. Christopher Milne £4.95 illus.

LENI RIEFENSTAHL Coral Gardens

Here, in breathtaking colour, are the coral gardens of the Indian Ocean, Red Sea and Caribbean and their inhabitants great and small. £15.00 illus.

BERN SCHWARTZ

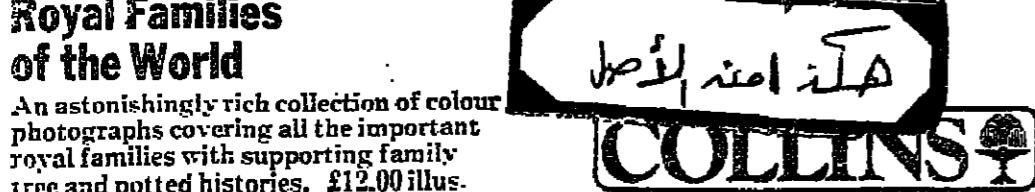
Contemporaries:
Portraits by Bern Schwartz

'The historian of England in the 1970s will find these photographs an invaluable guide to the intellectual life of the time'. Lord Clark £15.00 illus.

REGINALD DAVIES

Royal Families
of the World

An astonishingly rich collection of colour photographs covering all the important royal families with supporting family tree and potted histories. £12.00 illus.



CHRISTMAS BOOKS—1

Haggard's quest

BY C. P. SNOW

H. Rider Haggard by Peter Berresford Ellis, Routledge and Kegan Paul, £7.95. 291 pages.

Graham Greene is always strikingly honest about his literary influences. He didn't spend his youth devoting himself entirely, or even mainly, to works now considered fashionable. He obtained magic out of distinctly less reputable works—rich among them the novels of Rider Haggard.

In Greene's boyhood, Haggard was one of the most popular writers in the world. In this country, it wouldn't have been easy to find a literate youth who had not read *She* and *King Solomon's Mines*. Are the Haggard books still being taken out in school libraries? Contemporary taste has, of course, been going through another phase. Adventure stories in the exalted romantic manner were in vogue from about 1880 till the 1920s. R. L. Stevenson, who incidentally admired and encouraged Haggard, had shown how good such stories could be. They have been succeeded by a different and more brutish kind of violence, though Haggard wasn't as gentle as all that. It is probable that overt sexuality drives out other expressions of imaginative entertainment.

Haggard had the free-flowing imagination—and fancy—which may be essential to capture a large audience. Actually, his audience was not as large as it would be today. Mr. Ellis tells us that the first printing of one of his novels, when he was at the peak of his fame, was 15,000 or thereabouts.

Such a printing would seem to John Le Carré or Herman Wouk, a joke in the worst possible taste. Haggard, who died in 1925, didn't make anything like the money that a major popular writer would collect nowadays, with far less effort. On the other hand, a



One of Maurice Greiffenhagen's illustrations for 'She' first published in 1904 and now reprinted in a facsimile paperback edition (Dover/Constable, £2.00)

major popular writer nowadays would be most unlikely to be consulted by Prime Ministers and put on Royal Commissions.

Haggard was an interesting man. He had a much more complex and variegated nature than most of most of his aesthetic contemporaries. This biography, which is excellent and has a good deal of information about the turn-of-the-century literary world, would have been improved if Mr. Ellis had been consulted by his subject's family and friends. Haggard was a honourable, a devoted patriot, a warm and comfort there. Some

delicate, more or less reserved about his personal life. Haggard was a stamp album, and some of the issues, drawn with minuscule delicacy, are so fine they should be adopted forthwith by the BPO. Try to look at this book even if you don't buy.

Carroll loved board games; he was good at them—compare the character of

Umospogas.

Except in action, though Haggard was not a happy man, he became a chronic depressive.

Like some depressive writers, he had plenty to be depressed about.

Where he was a young man, his

father forbade a marriage to a girl he loved. He seems not to have got much joy from his actual marriage. His only son died at the age of ten. He came from a large family of brothers and sisters, but didn't find much

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father forbade a marriage to a girl he loved. He seems not to have got much joy from his actual marriage. His only son

died at the age of ten. He came from a large family of brothers and sisters, but didn't find much

SOMETHING is rotten on the sevens admit, there is a good Promenade des Anglais. It is a plot. not just that the English are a disappearing race in Nice, and that the famous palm-lined waterfront, commissioned by the English colony well over a century ago, may soon have to be renamed the Promenade des Japonais. Outwardly, the changes in this most mild-mannered of European cities are discreet. Even if the avenue's motorists are standard these days by computer-controlled traffic lights, the town hall's pride and joy is the same stately row of belle époque palaces, banks in the same lamber winter sun, and has the same wealthy strollers and gamblers.

But behind the facade, the Promenade has become the centre of growing and complex scandal. A part of it has just begun to come out in the courts: an unorthodox manoeuvre to establish a monopoly in the casinos, for which an examining magistrate has after some delay brought charges against a lawyer and a businessman who is a friend of the mayor, M. Jacques Médecin. More colourful, perhaps are the connected cases of a vanishing heiress, a bankrupt casino under permanent occupation by its croupiers, the Swiss police's investigation, of a series of Swiss bank accounts, and the fact that in legal offices throughout the town the word "Mafia" is on everybody's lips.

The local affairs of Nice, which always seems to live a life apart from the real world of France, have in recent weeks been the subject of increasing national interest, particularly in Paris. And for three good reasons: There is an avalanche of rumour that money from Italian underground organisations is being laundered in Nice. There are the controversial friendships of M. Médecin, a stalwart of the progressive conservative political faction of President Giscard d'Estaing. And, as some of the protagonists in a grotesque situation them-



Sir Alex Page

Weekend Brief

Boxing match

An overheard conversation—reputedly about the price of paper sacks—between an employee of the Continental Group and a competitor, plus the more momentous occasion of Britain's entry into the Common Market, led to the renegotiation of an agreement which is changing the shape of the Metal Box company.

That seemingly innocent conversation resulted in an investigation by the American Anti-Trust authorities, and helped to prompt Metal Box and Continental, a big American packaging group, into reviewing their technical agreement which for more than 30 years had effectively kept each company out of the other's established marketing territory.

The two companies remain "the best of friends," according to Metal Box chairman, Sir Alex Page, but the way has been opened up for them to become competitors for the first time. The opening shots in the coming battle have been fired on their hallowed home markets, with Metal Box going in with Standard to make cans for that most American of institutions, Pepsi Cola, in California. Meanwhile, Continental has already announced plans that it intends making beverage cans in this country.

For Sir Alex, who is 64 years old and would normally have retired last year, the new era into which he has steered Metal Box is a fitting farewell to his 42 years with the company. "To me, competition is stimulating," says Sir Alex with obvious relish. "He was chairman and chief executive of the group until last year, when he handed over the latter task to Mr. Denis Alport, but felt he ought to stay on in the capacity of chairman until the group had been firmly established on its new course.

Metal Box announced this week that it is going to the stock market to raise £35.5m, partly to finance its expansion in beverage cans but also to consolidate its market lead in central heating boilers and radiators. The decision to diversify was made five years ago. For a group that has 70 per cent of the business which gave it its name, it might have seemed an unnecessary digression. But Sir Frank explains that "people can only eat so much canned food and we could see ourselves approaching a static market."

Metal Box's motto can be summed up as: "If it can be canned, we'll do it." The most exciting part of a company which Sir Alex readily admits is "conservative" is its research and development programme, which is looking constantly for products that can be put into cans. After aerosol cans, baby foods, petfoods, creamed rice, and potatoes came soft drinks and beer, and it is these last two items which still hold a lot of momentum.

Something not quite nice on the Promenade des Anglais

BY DAVID WHITE

4th and the 6th. On the 27th, is known. Agnès at the time was married, had gone with her husband to the Ivory Coast and had come back to set up African craft shops. The couple agreed to divorce and M. Agnellet was asked to arrange it. According to his court testimony, he later became Agnès' lover. It was he who liaised between M. Fratoni and Agnès over the casino takeover.

Meanwhile, back at the Palais de la Méditerranée, things are going badly. M. Fratoni has put in an associate as chairman, who employees loyal to Mme. Fratoni and Agnès over the

casino takeover.

On October 27, the anniversary of Agnès' disappearance, M. Agnellet was charged with breaking company law by buying a shareholder's vote. Ten days later, after complaints about how slowly the judicial machine was working, M. Fratoni was similarly charged.

After seven months of occupation, things are beginning to come to a head.

But first we must introduce M. Jean-Maurice Agnellet, a 40-year-old lawyer, human rights activist and amateur yogi. M. Agnellet did some business—not chenin-de-fer but the vulgar cafe game of below.

The charges mean that, first

the men could face imprison-

ment and/or fines, and secondly that the casino takeover may be annulled.

Police enquiries, related in court, so far show that Agnès le Roux opened an account at the Union Bank of Switzerland in Geneva, allowing M. Agnellet drawing rights, on May 13 last year. On May 16, the day after the agreement M. Fratoni claims to have made with her that she would vote for the takeover, SwFr 889,500 (about £272,000) was paid in. The funds, police say, were immediately transferred to another account in the same bank. Three months later, say the police, more money was paid in and the whole lot transferred to a third account, at the Swiss Bank Corporation in Vevey.

They are still there today, the lawyer and M. Fratoni have provided documents supporting her second testimony: but one baize table, the theatre, cinema, bars, night-club and restaurant, other is available only in coming in shifts and playing photocopy.

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ment and/or fines, and secondly that the casino takeover may be annulled.

There are not that many people left around who are prepared to throw away several thousand pounds on one spin of the roulette wheel. The casinos continue to attract their addicts. Some just sit and take notes, working like Latin scholars on some invincible new system.

But the casinos are staggering under a combination of heavy taxes and their own risks, such as dud cheques or dud croupiers usually working with a "borsou" or player-accomplice to defraud the house of gambling chips.

The Ruhl had its own little scandal in the summer, when a series of charges were brought against croupiers for embezzlement.

Next door at the occupied Palais, croupiers say, it happened because the Ruhl has no unions and the management takes a 50 per cent instead of a 10 per cent cut on croupiers' tips — their only earnings.

It is also possible, though difficult legally, to break the bank. There was a famous occasion on July 8, 1975, when between 8 and 10.30 p.m. the Palais lost Fr 4.87m (SwFr 15.575m at current rates) on a roulette table. Shortly afterwards, the same players won Fr 1.3m at Menton, where the man who had been managing the Monte Carlo casino, bought into the Palais five years before.

Her opponent, M. Fratoni, known to friends as Jean-Do, is an equally striking character. He lives up to a more American image of a casino owner, where it was later changed into international bonds. And then in February this year, M. Agnellet closed the original Geneva account, which had given the gambling licence of the old municipal casino, which went bankrupt, he opened the more successful Ruhl four years ago with a gala

stand up, and Mother le Roux is not alone in thinking rather such as Alain Delon and Mireille Darc.

The present case is clearly an

money come from? The second to M. Médecin. The mayor, an

and the Casino Municipal along

relieved to hear it.

Economic Diary

MONDAY—Sir Terence Beckett, chairman of Ford UK, at Department of Industry to hear range of sanctions by the Government against the company. Mr. Jack Lynch, Irish prime minister, arrives in London for talks with James Callaghan, House of Commons debates oil collapse. Mr. Denis Healey, Chancellor of the Exchequer, in talks on European Monetary System with Labour Party national executive's economic and international committees. EEC Council meetings on education and on social affairs. Brussels.

TUESDAY—Special meeting of Parliamentary Labour Party to

discuss European Monetary Group conference "City of London" drivers' union meets and Industry—The Great Divide. British Railways board on working party plans. EEC Agriculture and Fisheries Ministers expected to meet to set agreement on fisheries issue. Fire Brigades Union delegates' conference on Company Fraud. Delegation of British Industry monthly trend (November) on private visit.

THURSDAY—House of Commons second reading on Merchant Shipping Bill. Prince Charles visits London. Two-day conference by Financial Times on World Banking on in Zurich.

WEDNESDAY—House of Commons debate European Monetary System. Sir Harold Wilson, MP, principal speaker at City and Mail parcels service. Mr. Richard Nixon, US President, arrives in London (October).

FRIDAY—Queen visits the Stock Exchange. Higher interest rates by Building Societies come into effect.

SATURDAY—Federation of European Liberal and Democratic Parties Congress opens, Church House, Westminster.

Nixon speaks at Oxford Union. Energy Trends publication. Department of Employment Gazette (October—final); employment in the production industries (September); overtime and overtime working in manufacturing industries (September); and stoppage of work due to industrial disputes (October).

FRIDAY—Queen visits the Stock Exchange. Higher interest rates by Building Societies come into effect.

SATURDAY—Federation of European Liberal and Democratic Parties Congress opens, Church House, Westminster.

SUNDAY—Queen's ghost, presuming it winters in her favourite Nice suburb of Cimiez, will doubtless be relieved to hear it.

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Cedar directors' profit on shares

Mr. Simon Coors, chairman of Cedar Holdings, the fringe reconstruction in March 1975, the bank which was rescued by its institutional shareholders following the secondary banking crisis, stands to benefit by nearly £100,000 on Cedar shares that he bought from the institutions over the last six months.

Earlier this week Cedar received an agreed bid from Lloyds and Scottish which valued the ordinary shares at 25p. Although the shares are still officially suspended, the Stock Exchange last year gave permission under Rule 163 (2) for specific bargains in the company's securities to be entered into through stockbrokers.

Holden advances mid-year

The DIRECTORS of Arthur Holden and Sons report a 10.9 per cent rise in taxable profits from £978,000 to £1,033m for the half year ended September 30, 1978. Together Mr. Coors and Mr. Glass should make a profit of £116,811 before capital gains tax on their outcry £10,000.

At yesterday's annual meeting, Mr. Coors reported that before he was brought in to run Cedar in April 1975, following the capital reconstruction, the institutions had agreed to make a block of shares available to him at some stage.

Under his chairmanship Cedar has made a surprisingly quick recovery. The institutional support funds which at one stage stood at £55.5m have been reduced to £35.5m. Total net assets for the year ended June 30, 1978, were £1.25m, with a loss of £5.5m compared with a loss of £5.2m in 1977-78.

Holden manufacturers lacquers, mineral spirits, solvents, paint, powder coatings and printing inks.

Total sales were £175.1m in 1978, £160.1m in 1977. Export made 1.1m. Total sales were £132.9m in 1977, £132.8m in 1976. Total profit was £3.5m in 1978, £3.4m in 1977.

* On 28th year UK and 28th year France, and includes charges to deferred taxation account. Excludes extra-ordinary items.

The Scottish National Trust Company Limited

13% Earnings Increase

13% Dividend Increase

10% Net Asset Value Increase

The results for the year ended 30th September 1978, are good and the net asset value of 216p per ordinary stock unit is another record.

Due to the constraints imposed by the International Monetary Fund, we have enjoyed a moderate recovery in this country and the rate of inflation has declined to approximately 8 per cent. With the way that wages negotiations are developing at this time, inflation will probably worsen before getting better. The real battle on the wages front is in the public sector; the fact that profitable and productive private industry is willing and able to pay a certain increase in wages is no reason for assuming that unprofitable state owned undertakings and unproductive government departments can do likewise.

Since the close of our financial year, a financial crisis has developed in the United States. Persistent balance of payments and budget deficits have undermined the dollar whose value began to fall at such a rate that emergency measures were needed to stabilise the position. Interest rates have risen substantially and this will mean a considerable increase in loan interest charges in the current year. We therefore have to be cautious in our outlook for the coming year and, to offset the effects on our revenue account, we have repaid \$3,000,000 of the overseas currency loan for the time being.

Copies of the Annual Report, containing the Chairman's Statement to shareholders in full, may be obtained from the Secretary, Gartmore Investment (Scotland) Limited, Ashley House, 181-195 West George Street, Glasgow G2 2HB.

THE BORDER & SOUTHERN STOCKHOLDERS TRUST LIMITED

Managers — JOHN GOVETT & CO. LTD. Five year summary of results

Year ended	Per Share Earnings	Per Share Dividend	Per Share Premium	Per Share Asset Value including 100% of that
30th September 1974	1.07p	0.90p	24p	87.3p
1975	1.16p	0.95p	24p	87.3p
1976	1.33p	1.10p	62.6p	87.3p
1977	1.64p	1.50p	75.9p	87.3p
1978	1.83p	1.70p	87.3p	87.3p

Total Net Resources £90,085,922

U.K. 63.9% North America 21.3%

Points from Mr. C. Alan McLintock's review

The net assets of the trust show some increase over the previous year's figure but the increase was not on the scale of that achieved in 1976/77. In percentage terms, net assets rose 11 per cent, the London market 2 per cent and Wall Street 6 per cent. In sterling terms Japan again made a significant contribution. There was also some recovery in the level of the dollar premium.

During the year our shares were split 5 for 1 and adjusted for the capital change, net earnings per share rose from 1.64p to 1.83p, out of which total dividends of 1.70p are proposed compared with 1.50p in 1976/77.

Just as we were beginning to hope that a period of greater economic stability lay ahead, a renewed surge of inflationary fears and pressures has developed both at home and in the United States. Interest rates are again rising and share prices in most markets have taken an ominous tumble since our balance sheet date. It may offer only scant comfort in the short-term to comment, as we believe to be the case, that in neither absolute nor relative terms does the London market look over-priced.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and mergers

The major deal of the week, albeit of less interest to UK residents, was the £52m agreed bid by GEC for the U.S. office equipment company, A. E. Dick. GEC's offer is \$18.5 for each share of common stock and par value for each \$100 share of preference stock. The deal, concluded after only a few weeks of negotiation, will give GEC a worldwide sales and service network in the office equipment industry.

Lloyds and Scottish has made a £9.6m agreed cash offer for Cedar Holdings, the second mortgage group which was one of the casualties of the secondary banking crisis. The terms are 26p cash for each Ordinary share and 76p cash for each Preference share, and it has been irrevocably accepted by the institutions which have supported Cedar since 1974. Cedar, now back on an even keel, owes less than £2m to the institutions compared with a peak of £56.5m during the worst days of the crisis. Lloyds and Scottish intends to run the company much as it is now and has promised to pay off Cedar's remaining debts to the institutions.

Ladbrooke has expanded further into the hotel industry with a £4.4m agreed bid for the provincial up-market hoteliers, Myddleton Hotels. The offer consists of 300p cash or one Ladbrooke share plus cash giving an aggregate value of 300p for each share of Myddleton. Ladbrooke intends to treat Myddleton as a separate division of its hotel business.

Harrison and Crosfield is bidding £12.5m for the 40.9 per cent of Sahab Timber which it does not already own, offering one H and C share for every seven Sahab. H and C wants to restore the balance of its business which existed before it increased its stake in plantations.

A possible obstacle to Whitecroft's plans to take over Randalls, the building trades distributor, has been removed now that Ferguson Industrial Holdings, which has a 25 per cent stake in Randalls, has seen fit to accept the increased agreed terms offered by Whitecroft. These comprise one Whitecroft share plus 124p cash for every two Randalls shares and the offer values the latter company at around £2.9m. Earlier this year Ferguson Industrial itself made a bid approach to Randalls.

On increased capital earnings are given as 7.1p (7.7p) per 25p share and the interim dividend is raised from 1p to 1.5p net-in-dividend. A move to reduce disparity between this and the final dividend last year's final was 2.25p.

Holden manufacturers lacquers, mineral spirits, solvents, powder coatings and printing inks.

UK companies sales were £13.1m in 1978, £12.8m in 1977.

Export made 1.1m. Total sales were £13.9m in 1978, £13.6m in 1977.

* On 28th year UK and 28th year France, and includes charges to deferred taxation account. Excludes extra-ordinary items.

Price in pence unless otherwise indicated.

Company bid for Value of bid per share** price** bid Value before bid (£m's)** Bidder Final Ac'tee date

Midhurst Whites 45* 45 47 3.60 NW Verelsthave —

Midland Educational 130* 236 120 2.10 Pentos 21.11

Midland Educational 245.15* 236 230 3.45 A. Preedy —

Myddleton Hotels 200* 295 231 4.41 Ladbrooke —

Plantation Holdings 64* 65 64 12.89 Multi-Purpose —

Randalls 113.45* 108 98 2.88 Whitecroft —

Sahab Timber 66* 62 34 11.44 Harrison & Crosfield —

Trident Group 100* 100 54 4.38 Argos Press 29.11

Turner Curzon 8* 8 112 1.74 S. W. Berisford —

Warrs Wright & Rowland 65.14* 39 53 6.67 B. Priest —

Warrington Edge 41.15* 39 40 6.40 Mr. N. Gidley —

Whitecroft 11.15* 10 1.00 — Cash offer —

Whitecroft 11.15* 10 1.00 Partial bid —

Whitecroft 11.15* 10 1.00 For capital gain scheme is expected to become operative. Based on 23.11.78

** At suspension. £ Shares and cash. £ Based on 24.11.78.

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£'000)	Interim dividend per share (£)
Allen (Ed.) Balfour	Sept. 30	553 (1,061)	1.2 (1.2)
Allied Leather	June 30	466 (337)	1.307 (1.301)
Allied Breweries	Sept. 24	90,200 (7,200)	1.3 (1.3)
Amal. Metal	Sept. 30	7,430 (5,990)	— (1.1)
Andrus. Strelcylde	Sept. 30	1,210 (1,191)	1.0 (0.833)
Assoc. Newspapers	Sept. 30	9,210 (7,260)	2.064 (1.852)
Belgrave (B'Health)	July 31	19 (79)	Nil (Nil)
Black Arrow	Sept. 30	171 (130)	0.7 (0.6)
Bramling Group	Sept. 30	405 (425)	1.307 (1.485)
Bulmer Lumb	Oct. 8	876 (701)	1.524 (1.261)
Century Oil	Sept. 30	537 (435)	0.605 (0.555)
Company & County	Sept. 30	2,500 (1,922)	0.7 (0.6)
Courtaulds	Sept. 30	27,400 (27,900)	0.76 (0.68)
Derritron	June 30	300 (312)	0.55 (0.662)
Dunhill (Alfred)	Sept. 30	5,189 (4,600)	4.0 (2.662)
Dyson (R. A.)	Sept. 30	1,441 (80)	Nil (1.773)
Eaton Grp. P'boro	Sept. 30	4,07 (3,48)	0.25 (0.181)
Exel	Sept. 30	869 (869)	0.5 (0.4)
Folkes Hele	June 30	1,230 (1,180)	2.013 (1.81)
French Kier	June 30	1,510 (1,930)	0.34 (0.4)
Gimpian T'.	Aug. 31	192 (192)	0.8 (0.7)
Hinton (Amos)	Sept. 16	832 (988)	1.622 (1.44)
Hornsea of Fraser	Oct. 10	15,340 (14,224)	— (—)
Hough. Bros.	Sept. 30	344,000 (414,000)	— (—)
Intech Leights	Sept. 30	412 (427)	1.45 (1.3)
Lecker (Thos.)	Sept. 30	1,030 (1,100)	0.421 (0.241)
Metel Box	Sept. 30	31,370 (25,049)	7.37 (6.6)
Milbury	Sept. 30	538 (267)	0.75 (0.75)
Mitford	Sept. 30	3,822 (3,222)	3.3 (3.0)
National Caravanning	Sept. 30	3,270 (2,630)	1.75 (1.5)
Pauls & White	Sept. 30	5,660 (5,260)	2.0 (2.0)
Powell Duffryn	Sept. 30	5,670 (5,250)	1.11 (1.04)
R'don Smith Line	Sept. 24	21,800 (18,120)	2.351 (2.094)
Redland	Sept. 30	576 (537)	0.75 (0.75)
Ridmore	Sept. 30	701 (651)	1.25 (1.25)
Roper	Sept. 30	1,708 (1,383)	1.95 (1.065)
Rothmans Int'l.	Sept. 30	44,030 (37,980)	0.8 (0.78)
Tesco Stores	Aug. 12	13,795 (10,281)	0.789 (0.706)
Triple	Sept. 30	1,020 (1,042)	1.0 (1.375)
Tunnel Hldgs.	Sept. 24	3,337 (2,984)	1.0 (0.825)
Wheeler's Rstrts.	Sept. 30	454 (317)	1.55 (1.411)

PRELIMINARY RESULTS

Company	Year	Pre-tax profit	Earnings* per share (£)	Dividends* per share (£)
Alex. & Smethers	Sept. 29	110 (13,510)	9.0 (89.5)	16,154 (16,154)
Broadhouse	Sept. 30	3,400 (3,200)	1.0 (1.0)	1.0 (1.0)
Duplex				

gt. Ltd. (a)

مِنْهُمْ لِأَصْحَاحِ

CORAL INDEX: Close 478-483

INSURANCE BASE RATES

Growth	10 ⁴
Guaranteed	10.75

Guaranteed 10.75
and Property Bond Table

MAN OF THE WEEK

Mission to Rhodesia

BY PHILIP RAWSTORNE

FEW OF Mr. James Callaghan's appointments have been endorsed with such warm approval by the Commons as his choice this week of Mr. Cledwyn Hughes for the Rhodesian reconstruction mission.

The all-party acclaim is a measure of the personal popularity, esteem and trust that the MP for Anglesey has secured during his 27 years of Westminster.

For Mr. Hughes, the Rhodesian mission comes as an unexpected dramatic climax to a political career that is drawing to a close. "Unpredictability is one of the hazards and charms of political life," he told the Commons earlier this month.

Hughes announced his retirement at the next General Election, he was pleasantly surprised to find himself back in the Commons, moving the Loyal Address to the Queen at the beginning of another session.

"I am not sorry to be here for a while longer," he confessed—and Labour MPs in mutual delight promptly re-elected him chairman of the parliamentary party. The persuasive, behind-the-scenes influence which Mr. Hughes has exerted in this post over the past four years accounts now for much of the confidence placed in him in the Prime

Interest rates boost for National Savings

BY EAMONN FINGLETON

THE TREASURY surprised a City yesterday by announcing a highly competitive new package of National Savings offers.

The interest rate of "investment account" deposits at the National Savings Bank is being raised from 9½ per cent to 10 per cent, 12 per cent, two points above the previous highest rate announced in the wake of the autumn 1976 sterling crisis.

The Department is also bringing in a new issue of National Savings certificates which will offer a return of 8½ per cent free of all tax to anyone who holds for the maximum five years. The new issue will go on sale from the end of January, when sales of the current 14th issue will be suspended.

The savings bank investment account is already popular with non-taxpayers, particularly pensioners, and the new rate will enhance its attractions. Investment account deposits are withdrawable on one month's notice.

The societies expect that about £100m of savings will be withdrawn by high-rate taxpayers in the first weeks after the new issue comes in.

The issue represents almost an unbeatable value for anyone paying more than standard rate tax.

The maximum holding per investor will be relatively low at £1,500, a measure which will

limit the impact on building societies.

Investors can hold up to £3,000 of the current National Savings certificate issue, which yields 7½ per cent free of tax over four years.

The new National Savings certificate issue, to be named the 18th, will provide some competition for the building societies, but is not expected to force them to make further increases in their savings and mortgage rates.

Mr. Norman Griggs, secretary-general of the Building Societies Association, said: "The Government's move serves to confirm that high interest rates are with us for some time to come, and it justifies the intention of building societies to increase their investment rates from December 1."

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Syndicate excludes Rothschild Bank from Arab bond issue

BY NICHOLAS COLCHESTER

AN INVESTMENT bank with Jewish connections has been excluded from an international bond syndicate because of the Middle East crisis.

Rothschild Bank, the Zurich associate of the London merchant bank, was asked to leave the syndicate for a SeFr 50m floating rate note issue for the Banque Nationale d'Algérie.

The issue was managed by Banque Gützwiller, Kurz, Bannister & Co. Mr. Jean-François Kurz, general manager, confirmed yesterday that an ad hoc syndicate had been assembled for the issue including two banks that are not usually members of the Gützwiller syndicate Saudi Finance Company and Arab Bank Overseas.

He said that after discussions between these banks and the Banque Nationale d'Algérie, one of the borrower had asked that Rothschild be excluded from the syndicate. The Algerian bank had emphasised that the request was made only because of political tensions.

Mr. Gilbert de Bortoli, managing director of Rothschild in Zurich, said he had reacted to his bank's exclusion "more in sorrow than in anger." He did not really expect Gützwiller to take up funds on Rothschild's behalf, but he was not certain that Rothschild would participate in Gützwiller syndicates in future.

Difficulties resulting from Arab-Israeli enmity have been much less prevalent recently than in 1974-75. In the wake of the Yom Kippur war and with the Arab oil exporters in the first case, but an existing member, such as Rothschild, has to be flush of their financial power, asked to leave if it is not to some Arab banks insisted on the participate.

The exclusion of underwriters with Jewish connections from international bond syndicates before they would make their purchasing and placing power available in the Eurobond market, where underwriting syndicates tend to be assembled on a case-by-case basis, it has always been possible to choose syndicate members "dispositionally" and thus, to some extent, to sweep the matter under the carpet.

In Switzerland, however, underwriting syndicates are clubs with permanent members, all of whom play their determined part as each issue arises.

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